FEDERAL HIGHWAY PROGRAM NEEDS: REVENUES AND COST ALLOCATION ISSUES

HEARINGS

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION

OF THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

SEPTEMBER 2, 1982—SALT LAKE CITY, UTAH
SEPTEMBER 3, 1982—LEWISTON, IDAHO

SERIAL NO. 97–H61

PART 2

Printed for the use of the Committee on Environment and Public Works

U.S. GOVERNMENT PRINTING OFFICE
99-917 O WASHINGTON : 1982

S321-48

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ROBERT T. STAFFORD, Vermont, *Chairman*

HOWARD H. BAKER, JR., Tennessee
PETE V. DOMENICI, New Mexico
JOHN H. CHAFEE, Rhode Island
ALAN K. SIMPSON, Wyoming
JAMES ABDNOR, South Dakota
STEVE SYMMS, Idaho
SLADE GORTON, Washington
FRANK H. MURKOWSKI, Alaska

JENNINGS RANDOLPH, West Virginia
LLOYD BENTSEN, Texas
QUENTIN N. BURDICK, North Dakota
GARY HART, Colorado
DANIEL PATRICK MOYNIHAN, New York
GEORGE J. MITCHELL, Maine
MAX BAUCUS, Montana

BAILEY GUARD, *Staff Director*
JOHN W. YAGO, Jr., *Minority Staff Director*

SUBCOMMITTEE ON TRANSPORTATION

STEVE SYMMS, Idaho, *Chairman*

ROBERT T. STAFFORD, Vermont
HOWARD H. BAKER, JR., Tennessee
JOHN H. CHAFEE, Rhode Island
JAMES ABDNOR, South Dakota

LLOYD BENTSEN, Texas
JENNINGS RANDOLPH, West Virginia
QUENTIN N. BURDICK, North Dakota
DANIEL PATRICK MOYNIHAN, New York

CONTENTS

SEPTEMBER 2, 1982, SALT LAKE CITY, UTAH

Page
Symms, Hon. Steve, U.S. Senator from the State of Idaho, opening statement of 1

WITNESSES

Bangerter, Hon. Jack, Utah State Senate 25
Bangerter, Hon. Norman H., Speaker of the House, Utah State House of Representatives 27
Christensen, Wesley, chairman, Bingham County Commission 51
Prepared statement 153
Datel, Robert, chief, Office of Planning and Design, California Department of Transportation 43
Prepared statement 135
Eisenhour, John E., Jr., American Road and Transportation Builders Association 67
Prepared statement 191
Goodsell, Steven A., general solicitor, Union Pacific Railroad Co 59
Prepared statement 165
Gunn, Horace, executive manager, Utah Chapter, Associated General Contractors 66
Prepared statement 188
Hewitt, J. J., Chief Highway Administrator, New Mexico Highway Department 38
Prepared statement 120
Hurley, William D., Director, Utah Department of Transportation 34
Prepared statement 84
Jenkins, Thomas L., executive director, Orange County Transportation Commission 47
Prepared statement 143
Lessing, Arnold, chairman, government relations, American Truck Dealers 61
Prepared statement 178
Loertscher, Tom, commissioner, Bonneville County, Idaho 53
Lynch, Hon. J. D., Senator, Montana State Senate 10
Matson, Frank, representing Hon. Orrin G. Hatch, U.S. Senator from the State of Utah 4
Miller, Shag 12
Ordway, William A., Director, Arizona Department of Transportation 40
Prepared statement 126
Peoples, Don 11
Quilici, Hon. Joe, Representative, Montana House of Representatives 11
Schotte, George 7
Schwinden, Hon. Ted, Governor, State of Montana 4
Prepared statement 72
Sessions, Hon. John, Representative, Idaho State Legislature 17
Waldman, Linda, Legislative Liaison, Colorado Department of Highways 37
Prepared statement 93

ADDITIONAL MATERIAL

Colorado Department of Highways, excerpts from a report entitled "1981 Highway Cost Allocation Study" 117
Council of State Governments, Western Conference, resolutions of 20
Matheson, Hon. Scott M., Governor, State of Utah, statement of 200
The Road Information Program, a report entitled "Savings From Timely Resurfacing of Public Roads in Colorado" 103

SEPTEMBER 3, 1982, LEWISTON, IDAHO (p. 209)

Page
Symms, Hon. Steve, U.S. Senator from the State of Idaho, opening statement of ---- 209

WITNESSES

Able, Jack, Zirbel Transport & Wood Byproducts Transport ---- 234
Berentson, Duane, Secretary, Washington State Department of Transportation ---- 218
  Prepared statement ---- 279
Coulter. H. S., State Engineer, Oregon Department of Transportation ---- 220
  Prepared statement ---- 286
Durant, X. E., Idaho Association of Counties ---- 243
Geiger, Monte, Inland Empire Chapter, Associated General Contractors ---- 250
  Prepared statement ---- 334
Helbling, Art, Moscow, Idaho ---- 228
Henry, R. L., administrator, Idaho Transportation Council ---- 241
  Prepared statement ---- 330
Hoemann, Warren E., general counsel, Western Highway Institute ---- 231
  Prepared statement ---- 319
Jones, Walter V., The Consulting Engineers of Idaho ---- 252
  Prepared statement ---- 342
Knieren, Daniel, Friends of the Earth ---- 255
Manning, Darrell V., Director, Idaho Transportation Department ---- 216
  Prepared statement ---- 265
Miller, Stan, American Automobile Association ---- 247
Mueller, Hon. Gene, mayor, city of Lewiston ---- 212
  Prepared statement ---- 259
Nicholls, Jerome J., Spokane County engineer ---- 244
Wilson, Timothy W., May Construction Co ---- 235
  Prepared statement ---- 325

ADDITIONAL MATERIAL

Statements:
  States of:
    Michigan ---- 353
    South Dakota ---- 356
  Idaho Association of Highways and Good Road Districts ---- 363

FEDERAL HIGHWAY PROGRAM NEEDS: REVENUES AND COST ALLOCATION ISSUES

THURSDAY, SEPTEMBER 2, 1982

U.S. Senate,
Committee on Environment and Public Works,
Subcommittee on Transportation,
Salt Lake City, Utah.

The subcommittee met at 10 a.m. in room 3421, Federal Building, Hon. Steve Symms (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. STEVE SYMMS, U.S. SENATOR FROM THE STATE OF IDAHO

Senator Symms. Good morning and welcome to the Subcommittee on Transportation's hearing. We are happy to be in Salt Lake City and give those of you from the intermountain region an opportunity to testify and help us to determine the direction that we should be going with the Federal-aid highway program.

I have a brief opening statement, and then we will have a brief statement from Senator Hatch's representative and then we will hear the testimony of Governor Schwinden from Montana, who we are delighted to have here with us this morning.

I want to welcome all the witnesses testifying before this Subcommittee on Transportation of the Full Committee on Environment and Public Works. The subcommittee is holding two field hearings—in Salt Lake City, Utah and in Lewiston, Idaho—to focus on Federal highway needs and how they can be addressed in view of existing revenues.

Issues of specific interest to this part of the country include the condition of the highway system and factors affecting deterioration of the system; allocation of highway costs among the various users of the highway; the ability of States with small populations, large areas, and large Federal land holdings to raise additional revenues; the use of highway trust fund revenues for transit assistance, the impact of certain user fees on farm vehicles, and State participation in the collection of certain Federal user fees.

Those of you who live in Idaho and Utah know how important this country's road system is for commerce and mobility. There are very few alternative forms of transportation available to the citizens who live in small towns and rural areas of the West.

Recently a section of the bridge on Highway 52 near Payette had to be closed. The failure of one bridge threatens the safety and economic security of many people in the community. This is being repeated every day across the country because of the conditions of our roads and bridges.

Last month in Washington the subcommittee held two separate hearings on highway revenue and cost allocation issues with representatives from contracting, trucking, rail, auto, environmental, and manufacturing groups, the Congressional Budget Office, the Federal Departments of Transportation and the Treasury, State departments of transportation, and other highway experts.

The testimony received will assist the committee in making recommendations to the Finance Committee on highway revenues and the continuation of the highway trust fund. These legislative initiatives will have an important effect on how well the Federal-aid highway program will address the needs of our transportation system in the future.

Our witnesses today have been asked to address the following issues:

The condition of the Federal-aid highway system and factors affecting the service life of the system;

The needs of the Federal-aid highway system versus the existing revenues coming into the highway trust fund;

The allocation of highway costs among the various highway user classes; and

Proposals to change the structure of existing highway user fees.

The subcommittee is very concerned about the condition of our highway system as well as the need to complete the Interstate Highway System. According to a report—"The Interstate Highway System: Issues and Options" recently completed by the Congressional Budget Office, mounting repair needs, escalating completion costs and declining financial resources are all contributing toward making completion of the Interstate System an unattainable goal.

The report states that "completion of all the construction, reconstruction, and repair projects that qualify for Federal support under current programs would require an increase in annual authorizations of $8 billion." This is more than double the current program level. The report goes on to say that to support such an increase we would have to nearly triple the current 4-cents-a-gallon gas tax.

Several months ago George Will wrote an article on "What Potholes Say About Us" in which he indicated that the system "maintenance as well as original construction is a measure of a society's vitality. It is also a measure of maturity, of the willingness to make timely provisions for the future. By this measure, America is increasingly deficient."

While last winter's potholes may have been temporarily filled, the deterioration of our Nation's highway system continues. Newsweek magazine recently did a feature article on the "Decaying of America" which recounts the problems of our highway system and notes the cost to Americans of our decaying physical plant. The article states that:

> In Houston, for example, city planners estimate that motorists pay a "traffic congestion tax" of $800 a year in time and gasoline wasted on the city's snarled expressways.
>
> TRIP, the Road Information Program, estimates that bad roads cost the private sector upwards of $30 billion annually for everything from broken axles to lost business.

Last year the General Accounting Office completed a report on "Deteriorating Highways and Lagging Revenues." The report again cited the deterioration of our Nation's highways, particularly the Interstate System, and the need for billions of dollars to solve the problem. The report goes on to say that if the problem is not addressed in a timely manner it will cost even more.

This theme is one of increasing concern to the subcommittee. We have heard a number of witnesses in our Washington hearings testify on pavement and bridge wear, and we hope in these field hearings to continue to learn about the causes of highway deterioration and some of the implications of deferred maintenance.

Another objective of these hearings is to receive testimony on the Federal Highway Administration's May 1982, "Final Report on the Federal Highway Cost Allocation Study." This report was mandated by the Surface Transportation Assistance Act of 1978 for the purpose of reviewing the allocation of Federal Highway program costs among the various highway user classes. The Secretary of the Treasury was directed to prepare a companion report on the administration and enforcement of Highway Trust Fund taxes. We understand that Treasury's report will be completed next month.

The findings of the Highway Cost Allocation Study indicate that certain highway-user classes are paying more than their cost responsibility and others are paying less. Specifically, the study shows that there is a need to increase user taxes for the heaviest trucks. The subcommittee staff has developed three alternative proposals for discussion purposes only. I want to emphasize that none of these alternatives have been endorsed by the committee or any member of the committee.

I have supported an increase in the Federal highway gasoline tax as one way of providing urgently needed revenues through highway-user fees, to support the expeditious completion of the Interstate System, and to rebuild existing Federal-aid highways and bridges.

In my opinion, the condition of our highways is a major concern throughout the country. Highway needs, revenues, and cost allocation pose some extremely difficult questions, and I recognize that there are many different viewpoints. These hearings provide a useful discussion of the issues, and I will look forward to today's witnesses.

I might just make a comment that I think that we as Americans, face a problem that needs to be worked out to the best possible solution. One of the nice things about this problem is that it does provide us an opportunity to go out and improve the system. I do believe that we have the best highway system in the world and the freedom of the American people to be able to decide where they want to go and how they want to get there by going in their own automobiles. It has worked marvelously well for the country and I think that it's been very beneficial. I don't think that there is any question but what the Interstate program, which was initiated in the late fifties under the Eisenhower administration, has done enormous good to the growth of the West and the South and particularly to improve our abilities to get the products from farms, fields, and mines to the markets.

Our highways have been the incentive for people to drive out and see the beauties of this country. I think that we all share a common interest in this. I might note that one of the pleasures of working on this is that we, on the committee, find a commonality in this subject and that the issues are not partisan. For that I am very grateful because we have enough other issues that we live with. We all want to do what we think will be best for the road system in this great United States.

Mr. Frank Matson, who represents Senator Hatch has a statement. You will be very brief; is that right?

Mr. MATSON. Yes. I just want to present a welcome to you, Senator.

Senator SYMMS. Thank you, we are delighted to have the welcome. We are sorry that Senator Hatch couldn't be with us today but we understand that he has other commitments.

We are very happy to hear from you. Why don't you go ahead?

STATEMENT OF FRANK MATSON, REPRESENTING HON. ORRIN G. HATCH, U.S. SENATOR FROM THE STATE OF UTAH

Mr. MATSON. I only wanted to say that I think that it was particularly appropriate that since we are dealing with roads that we are doing so at the crossroads of the West. Orrin wanted me to extend to you his greetings and his apologies for not being present today. We are pleased and delighted to have you here, Senator. As you have so well stated, roads in the West are of a particular significance and we are delighted that you take the opportunity to afford us the chance here in this Intermountain West to express our views.

I drove to St. George last week and in about 5½ or 6 hours I was still in the State of Utah. In the East I took a trip up to visit a daughter and I drove 6 hours and I passed through six States. There is a real difference in distances and a real different significance in the feelings about highways. We are delighted and pleased that you would be in Salt Lake to give us this opportunity. Thank you.

Senator SYMMS. Thank you very much.

We will be happy to have the testimony from the Governor of Montana, Gov. Ted Schwinden, next.

I might say also that I will insert in the record a statement from Governor Matheson, chairman of the National Governor's Conference, and also a statement of Ted Wilson, the mayor of Salt Lake City.

So, Governor, welcome. The last time that I saw you, there were no potholes, it was all covered with snow.

STATEMENT OF HON. TED SCHWINDEN, GOVERNOR, STATE OF MONTANA

Governor SCHWINDEN. That's right, Senator. I might start out by saying that I fully expect that those snowmobile trails that you and I enjoyed with Secretary Watt up in west Yellowstone and the Yellowstone Park to be in fine shape this winter but our highways are in trouble.

Senator SYMMS. I agree with you on that. I think that maybe we ought to go back and check though.

Governor SCHWINDEN. About the same time?

Senator SYMMS. About the same time.

Governor SCHWINDEN. About the same time, that's a deal. For the record, Senator, my name is Ted Schwinden and I am the Governor of the State of Montana. I have a delegation with me from Montana and I will introduce them at the conclusion of my brief oral testimony. In the interests of time I will submit my written testimony which I hope will be entered in the record.

I want first of all not only to say hello but to express my personal appreciation for this opportunity to present testimony regarding our Federal-aid highway system. I particularly want to thank you, Senator, for holding these hearings out here in the West, whereas Senator Hatch's representative has indicated where the miles are few and far between and highways are absolutely essential, not only to our survival but to assure us some hope of economic growth and vitality in the future.

As I go around my State, not this year like yourself, you mentioned I am freed also from the rigors of the campaign but I still hear more complaints about highways than any other single subject from the people of the State of Montana. As a measure of that very intense local concern I have brought with me a group of legislators and local officials who want to dicuss one of the specific problems as it relates to their community in terms of the interstate system in Montana.

As you are personally aware, Senator, there are few problemss in the Western States that are as common or as pervasive as transportation. In our State the shrinking miles of railroad service that we have, with the closure of the Milwaukee and the abandonment of the branch line means that highways more and more are becoming the core and central system of our transportation network. Our State, just by way of comparison, and again documenting what Senator Hatch's representative said here this morning, our State is larger than the combined total area of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Delaware, and West Virginia. Your own State of Idaho, of course, is little different in the magnitude of size, and the density of its population.

Our ability here in the West in States like Montana to compete and to compete successful in national and international markets is highly dependent on the extent and condition of our highway system. Unfortunately, as I said at the outset, in comparison to the snowmobile trails in Yellowstone Park, the current condition of Montana's highways is deplorable. Out of a total of some 2,660 miles of primary highways in Montana, just about exactly 50 percent are in need of major reconstruction or repair. Some 40 percent of our State's nearly 3,000 bridges are substandard and our interstate system in Montana is still incomplete—four major gaps, one of which will be addressed by the other members of our delegation—four major gaps in that system still need to be closed.

Despite those significant gaps, Montana's funding apportionment was reduced by 43 percent from fiscal year 1982 to fiscal year 1983.

At current levels of funding, those that exist today, completion of that Interstate System in Montana is going to be delayed at least a decade, some 20 years behind schedule that President Eisenhower and that administration back in 1952 put together. The other highway systems beyond the Interstate are going to continue to deteriorate at an accelerated rate. The net result of that, of course, is that the taxpayers of the future will be asked to face an even greater funding burden than those of us who are here today.

The current national policy, it seems to me, is an exercise in false economy—a shortsighted policy given the country's great dependence, as you indicated, on our highway system.

We only have about 70 miles of Interstate yet to be completed in Montana. The Congressional Budget Office's report that you referred to designate each one of those four gaps that still exist as not only important to our national defense but vital to the completion of a truly Interstate System in America. Those gaps include a key section of I-15 that links Butte, where this delegation comes from this morning, with a copital city of Helena; a section of I-94 east of Billings which is referred to by some as Denver North and a key energy center in the entire West; a section of I-90 that links Montana to the State of Wyoming, and another section of I-90 in western Montana that links us with your great State.

Senator, I want to make it absolutely clear that it's not a matter of parochial Montana pride, but of political commonsense to me that we put those kinds of 70-mile gaps ahead of the projected $367½ million, almost a part of one-third of a billion that are proposed to construct some 2.8 miles of Interstate in Washington, D.C., in the summary report. That same CBO report documents that tremendous amounts of Interstate money are being spent on local projects like those in the District of Columbia, a section of I-105 is a part of the Los Angeles freeway system. It has no national significance, it has no national defense characteristics, but it will cost $1.2 billion to construct 15 miles of freeway. I am confident that those projects are very important to the local citizens in Washington and Los Angeles but they don't adhere to the original concept of the Interstate System as I have always understood and supported.

We have clearly entered, as you even better than I recognize at the Federal level, a new kind of era in terms of fiscal sanity, one in which we deal with limitations, limited funds, and deficits that must be controlled. In a time like that I think that it's important that we review our priorities, not only at the State but at the national level. I would strongly recommend an allocation system based on closing the existing gaps in the national defense and National Interstate System. The current allocation system is going to delay for years the completion of that goal of the 1950's.

A related concern of Westerners, as I am sure you have heard traveling around your State, is the increasing shift of Federal highway funds from rural to urban States. Distribution formulas are being proposed at the Federal level to favor populations and traffic counts over miles of highway, lane-miles. The Federal-aid Highway Act of 1981 significantly modified the formula for the apportionment of Interstate 4-R funds by placing far more emphasis on vehicle-miles traveled than on lane-miles. Those formulas ignore the fact that on a per capita basis, highways in Montana, and I could add Wyoming, New Mexico, Idaho, and the other Western States, cost more per mile to build and maintain than in more populated States.

That fact, Senator, was not lost on the Western Governors who gathered in Boise just this week and spent much of our time and made a firm determination to do and extend every effort that we can to resist those kinds of funding formula changes which clearly spell disaster for this entire region which represents much of the future hope of this entire country. The failure of Congress to adopt a long-term national highway program is a matter of grave concern. It's difficult, if not impossible, for States who have their own kinds of problems to spend or even to allocate our scarce resources in a wise way with an on-again, off-again routine that has characterized Federal highway funding over the last few years. If Congress doesn't act quickly, all the States are going to run out of money for highway programs by October 1—except for the 4–R funds. Failure to act could mean a complete halt in all planning and letting of projects. A 1-year extension of the Surface Transportation Assistance Act is necessary as a stopgap measure until a long-term highway program is reviewed and discussed and adopted on a bipartisan basis, as you've indicated. Currently, H.R. 6965 appears to be the bill that can be passed before the October recess. It must be approved. And quickly.

In closing, Senator Symms, I want to thank you for bringing the hearing to the West and giving us an opportunity to testify firsthand as to the great severity of our concern about our problems now and the growing opportunities of the future.

I would like to respond to any questions that you might have.

I would like at this time to introduce the delegation that Gary Wickes, the director of the department of highways, and I brought with us this morning. They are here because they represent a community that is directly impacted by one of those existing gaps, the one that connects the communities of Butte and Anaconda, one of the major economic and industrial areas of our State with the capital of Montana in Helena.

I would like to introduce first Mr. George Schotte, who I think can safely be called Mr. Highways in Montana, a former State senator, a long-time bipartisan supporter of highways, one of a handful of leaders back in the 1930's who got together and literally got Montana out of the mud and into the mainstream of highway construction. Mr. Schotte will begin the testimony on behalf of the delegation this morning.

STATEMENT OF GEORGE SCHOTTE

Mr. SCHOTTE. Thank you, Governor. Thank you, Senator, for inviting us.

I want to compliment you, Senator, for one of the statements that you made and that was that the committee, which is composed of Republicans and Democrats, is working closely together. As Governor Schwinden said and as you can see I have been at this a long time, but I have never yet, in Montana at least, found either a Republican or a Democratic highway.

The Interstate National Defense Highway was to be completed in 1972. U.S. Highway Commissioner Thomas McDonald, over 30 years ago, said:

> We pay for good highways whether we have them or not, and we pay more for them if we do not have them than if we do.

Our own highway director, Mr. Gary Wickes, according to the newspapers, made a very similar statement very recently:

> There is no way to build Montana without a system of good highways.

I would say that the same thing applies to Idaho and Utah.

There is a basic economic law of time and place utility and if you happen to be an engineer this is as basic and as unchangeable as any law of physics. We can assign the costs and should assign the costs to the users, as is mentioned in one of your proposals. It is a government service that can be assigned to the user who should pay his fair share as per your Alterate 3, that's the best one as far as I could figure and I looked them over. We didn't have much time to look at it. Also, there should be a differential between gas and the diesel tax similar to what we have had in Montana since 1955 when we enacted legislation which provided for a gas tax of 6 cents and a diesel tax of 9. In addition to that we have a graduated GVW tax. We tried to sell the mile distance tax that they have in Oregon and we couldn't do it, but that is still the best one.

Senator SYMMS. Would you repeat those figures again for me, what you have in the State of Montana.

Mr. SCHOTTE. We have 9 cents on diesel and 6 cents on gasoline. The reason that we did that and the reason that we had it enacted, and we had a lot of opposition, actually, was because of all of the advertisements at that time on the part of the diesel units that said that they were 50 percent more efficient than the gas units. That's what they sold them on and that's what we used, but the truckers didn't like it when we were selling it that way but they had to finally go along with us.

Senator SYMMS. Nine and eleven then?

Mr. SCHOTTE. Yes; they still have a difference.

The lack of interest in highways is a reasonable concern on the part of the people. Here is a copy of Business Week dated September 6, 1982. The title of the article is "What's Left Behind in the Last-Minute Rush?" It shows where some important bills stand in the legislative mill. This is what concerns us. Coal slurry pipeline, Federal jobs, regulatory reform, restructuring of the Freedom of Information Act, nuclear waste, antitrust immunity, telecommunications policy, safe drinking water, export trading company, and not one mention of highways. Where is H.R. 6211? Where is Senate bill 841? There isn't any mention of those.

Senator SYMMS. I hope that you write a letter to the editor of the magazine.

Mr. SCHOTTE. I probably will.

The Highway Federation Bulletin of August 26, 1982 says, "Long-term highway legislation has ben stalled on Capitol Hill at least until next year." That's what is difficult to understand. The interstate was to connect population centers, and this is what our Governor just mentioned when he talks about joining Great Falls, Helena and the Butte-Anaconda area where we have this gap.

Section 101, page 9 which has definitions and declaration of policy in the original legislation which said:

> Since many of such highways or portions thereof are in fact inadequate to meet the needs of local and interstate commerce for the national and civil defense, insofar as possible in consonance with this objective existing highways located on the interstate route shall be used to the extent that such use is practicable, suitable and feasible, it being the intent that local needs, to the extent practicable, suitable and feasible, shall be given equal consideration with the needs of the interstate commerce.

This, again, applies to these gaps that the Governor just mentioned.

Now, we get to safety. There are two 20-mile gaps that the Governor referred to, one of them is the one we are directly concerned with and the other one is in eastern Montana. For the year ending December 31, 1981, there were a total of 342 accidents, this is on the two 20-mile sections. There were 8 fatal accidents that involved fatalities; there were 125 injuries. There was property damage on the part of 209 of those accidents. There were 10 actual fatalities, and 205 injuries. That's a tremendous price to pay in death and suffering and dollars.

Why is approximately $9.5 billion being held in the Trust Fund and the interest being used to balance the budget? The Federal Highway Reporter says, "Interstate Completion Set." I will not read all of this. It says, in part:

> Federal highway administrator Ray Barnhart has promised the Nation that the interstate highway system will be completed, but he said the Federal motor fuel tax must be doubled to pay the cost.

It's an area where you can assign the cost to the people and I am sure that we will be glad to pay.

And then it goes on to say:

> Our whole future is based on the highway program. Ninety percent of all we eat, wear, and produce goes over our Nation's highways.

A bushel of wheat up in the Governor's area of our State, northeastern Montana, is just that until we can haul it over the secondaries, the primaries, and the interstate before it can be eaten by someone and before the economy can grow and before the country can prosper.

Senator SYMMS. We want you to haul it over to the highway over to Idaho and load it on the barges.

Mr. SCHOTTE. Well, we do that. I am glad that you mentioned that. As you know, we have lost our railroads, and you can quote me, as far as the Burlington Northern is concerned, they do as they please. So now the vast majority of the grain from the Governor's part of the State or from central Montana or the golden triangle, all travels over U.S. 200 between Great Falls and into Missoula over Lolo Pass and down into your area, and you should drive that road. I haven't driven it for a long time but if anyone has I'm told that it's a very hazardous drive and I'm certainly glad that you mentioned that.

I am a vice president of the Montana Auto Association. We have 61,500 members in Montana. Maybe we haven't been rough enough, maybe we haven't called it to their attention enough. We print a publication entitled *Motorist* and today our manager, Mr. Larry Tobiason is right here in Salt Lake. We, beginning almost immediately, are going to print the *Motorist* for the State of Utah and also for the State of Idaho because our Motorist has the largest circulation of any paper in the State with the exception of the Great Falls Tribune or the Billings Gazette, and we are going to have to be more aggressive and take some of these things more to our own people in order to make ourselves heard. Thank you very much.

Senator SYMMS. I appreciate your statement. Senator Hatch is one person that comes to mind who certainly has been talking to me about the western highway problems. There have been others also. I was in Montana yesterday, Governor, and I know that you mentioned a problem with the highway formula. As Mr. Schotte pointed out, we have a genuine conflict, not partisanwise, but between the State of Montana on the formula on road miles and the State of Texas. Senator Bentsen isn't here. I am sorry that he couldn't be here. His staff person is here and we are glad that she is here to hear this. But in Texas he has the same kind of enthusiastic highway users talking to him about the fact that they put in a dollar in the Highway Trust Fund and they get back 70 cents, and with the massive population in the Houston/Dallas area and that cost of the use of the road, they want that formula brought down all of the time. They tried to get it down to 50/50 instead of—we had it 75/25 and it got moved to 60/40. I think it was 55/45 last year and we ran into tremendous difficulties with the high population centers. I don't have an answer for that except that there is not enough money to go around under the present program needs and as long as there are the shortages we are going to have these fights. Those of us in the West don't have as many votes if it just comes down to a matter of voting.

You have some very good points. I agree with Governor. I don't disagree with a thing that you said. It's more important to get this thing all hooked together if we are going to have the national defense aspect of it. I think that the westerners, as a group, have stood together on these things, but we have a real problem of trying to get the bills through the Congress and to accommodate those people that come from the eastern areas where they are more interested in mass transit and other problems than we are here in the West.

Governor, were there others of your group?

Governor SCHWINDEN. Yes; just for very brief comments because I think that we have a cross-section here. I would like to introduce Senator J. D. Lynch. He is a member of the Montana Legislature and this entire delegation basically represents simply the impact of one of those gaps which happens to be the Butte-Anaconda, which as you know from your own State has a significant loss of unemployment because of Anaconda cutting back. Senator Lynch?

Senator SYMMS. I might just say that we have a 5-minute rule and I hope that you all won't take 10 or 15 minutes each. Go ahead, Senator.

STATEMENT OF HON. J. D. LYNCH, SENATOR, MONTANA STATE SENATE

Senator LYNCH. I would simply want to reiterate what the Governor and Mr. Schotte has said. I also feel that the Federal Government has to keep faith with the people who have anticipated these highways. I first started in the legislature in 1971 and we certainly thought that this very gap that you were referring to was going to be finished certainly in the 1970's and now it looks as though it's going to be moved into the late 1980's with the present system.

Also, Senator, I would quote from the article that you read on the "Decaying of America." It's in the same paragraph that mentions the Wallace, Idaho, I–90. It also mentions our problem between Butte and Helena, Mont., and "an utterly terrifying stretch of I–15 winds and twists over chuckholes and falling rocks, frightening even local people." I am not sure I understood why local people are more frightened than any other driver, but simply to reiterate, it's a problem that we certainly would hope that before we start building freeways in Los Angeles we would complete the Interstate System. Thank you, Senator.

Governor Schwinden. Thank you, Senator. Represenative Joe Quilici, also one of the leaders of the Montana House.

STATEMENT OF HON. JOE QUILICI, REPRESENTATIVE, MONTANA HOUSE OF REPRESENTATIVES

Representative Quilici. Thank you, Governor. Senator, for the record, I am Joe Quilici, a State Representative of District 84 in Montana. I concur in the statements of Governor Schwinden. My legislative district is served by a north-south highway, I–15. This includes a 50-year-old stretch of highway that in its present condition is in such bad shape as the article states that truckers are bypassing and running on secondary highways rather than drive on an interstate highway. It has created such an unsafe condition that the people in our area who drive it often are really leery of driving it. We are afraid that before long there is going to be some major accidents and there is going to be a lot of deaths on this highway, and this is our concern.

I, and my fellow representatives, stand ready to offer any assistance to your committee that we can possibly give because we, in Idaho, Montana, Utah, and the rest of the Western States have a common goal, and we would do anything we can to help your committee expedite this goal. Thank you.

Senator Symms. Thank you very much.

Governor Schwinden. Senator, as you know, we in the States always blame a lot of our problems on the Congress.

Senator Symms. You don't have a monopoly on that.

Governor Schwinden. I realize that but, you see, local government always takes its anger out on State government. We have with us today Mr. Don Peoples, who is a chief executive of one of our combined city/county governments, to speak on behalf of local government in Montana.

STATEMENT OF DON PEOPLES

Mr. Peoples. Thank you, Governor. Senator, I too appreciate the opportunity to provide testimony to you regarding the Interstate Highway System and particularly the completion of I–15 from Butte to Basin. For those of us who live in southwestern Montana we consider the completion of this segment of the interstate as absolutely essential.

As has been indicated, this section of interstate links Butte and it links southwestern Montana with the capitol in Helena. In addition, the completion of this road would successfully link I–15 and I–90 at Butte.

Previous testimony has indicated to you that the safety factor alone, I think, would justify completion of the system itself. We feel that with the recent cutbacks in Federal spending and in highway construction funds, we simply feel very frustrated. We consider that in addition to the safety factors that the economy of southwestern Montana is desperately dependent on completion of this section of the roadway. Schedules to be let in fiscal years 1982 and 1983 now has a letting date of perhaps 1987. I think that we can safely say that we would expect that at least 10 years would expire before completion of that segment of the highway.

In my view the delays are going to have drastic consequences in terms of safety and convenience for the residents of southwestern Montana and it's going to continue to have an adverse effect on the economic recovery of southwestern Montana. So I urge you and your Subcommittee on Transportation to affirmatively consider the allocation of Federal funds for the completion of Montana's interstate road system.

Senator **Symms**. Thank you very much.

Governor **Schwinden**. Finally, Senator, I would like to present Mr. Shag Miller who represents that segment that you and I always talk about, and that's the people. Mr. Miller is a broadcast executive and a community leader from the Butte area.

STATEMENT OF SHAG MILLER

Mr. **Miller**. I have been active in service transportation problems concerning Butte, Mont., for 20 years. And, because I am in the broadcasting business, the balance of my statement will take 72 seconds.

In 1970 construction on the interstate highway between the communities of Boulder and Butte was delayed for 4 years. This was due to environmental considerations concerning the route designation. In 1974 the Secretary of Transportation, Coleman, approved the existing routing between the two cities, construction proceeded at that time. The present situation, where, as Mayor Peoples pointed out, is delayed another 5 years. Had the construction of I–15 between Boulder and Butte proceeded on the original schedule it would have been completed some time ago at a much lower cost. Each delay, as the one that we face now, costs millions of dollars more due to inflation. Sections of interstates which at one time would have cost $1 million a mile through the mountainous terrain now exceeds $4 million.

Since the name of the game is money, delays in appropriations only mean that when the job is completed it costs a lot more. Several months ago the Butte, Mont., *Stand* ran a picture featuring a cattle drive going through the town of Basin, Mont. This town is directly on the route of I–15. Interstate highways are not designed to herd cattle on but are built to serve communities, people, and our Nation. Thank you, Senator Symms.

Senator **Symms**. Thank you all very much. Governor, you mentioned that you thought that you favored passage of the House bill. Is that primarily because of the dollar numbers or just because you think that it can be passed? I have heard from some western people who have said that they would rather have the long-term version that's in the Senate bill.

Governor **Schwinden**. It's my understanding, and I just reviewed this with Mr. Wickes, our highway director who is with us here this morning, that unless action is taken before October with the exception of 4–R funds, we will be unable to obligate any Federal moneys until they are provided. Is that right, Gary?

Mr. **Wickes**. Yes.

Governor SCHWINDEN. So, we in effect can no longer continue the planning and letting process except for those funds which are characterized as 4–R.

Mr. WICKES. I think right now the only bill, the one-term bill that has a chance of passing that is even alive right now is the House bill even though there is some provisions there that we have problems with, I think our most important concern is that we get a bill.

Senator SYMMS. Our Senate bill is scheduled for action in September.

Mr. WICKES. Yes; but I guess my understanding is that between the Senate long-term bill and the House long-term bill there is a lot of differences that have to be worked out and so the House bill is now a 1-year extension. Our concern is that 1 year extension is passed before October 1.

Senator SYMMS. Which one of those changes do you think would be needed for the protection of Montana in the House bill?

Mr. WICKES. In the immediate one-term extension?

Senator SYMMS. There is two bills that you are talking about; is that correct?

Mr. WICKES. Right. And there are a lot of funding problems with the long-term bill.

Senator SYMMS. Would that be bad for all the Western States?

Mr. WICKES. You would have a problem with the differences between the Senate bill. So, what we have looked at is the 1-year extension.

Senator SYMMS. One-year extension of the present program?

Mr. WICKES. Right. Exactly. That's what's in the House bill.

Senator SYMMS. Is that correct? Counsel tells me that there are a lot of changes in the present 1-year extension bill also, so I think that we will have to look carefully at that. I appreciate your concern and I have to say that I appreciate the concern that you expressed about the slowdown on the spend-out. It is a fact that if nothing is done with the trust fund that the money will all be programed out by 1985 or 1986 and they will be down to zero, but what would your advice be, say, to Senator Hatch from Utah and Senator Baucus from Montana, he and I are both on the Finance Committee and the Public Works Committee, with respect to the trust fund? Which way should we be going with this? To expand it and continue it through the 1990's to the end of the century, or——

Governor SCHWINDEN. If that's necessary. I think the point that I would want to make in terms of the Trust Fund itself is that there has to be a protection against the kind of budgetary manipulation which we have discussed before, the attempt to shift as successfully as they have from the 75/25 down now to one proposal—which I think was in the original House long-term bill for one-third, one-third, one-third, based on gas, diesel, and I think lane miles was the third category—we have to resist, I think, very strongly. We would certainly encourage our delegation to do that. We have to protect that fund from massive raids for different kinds of transportational problems, which indeed are part of our national problem. I'm talking about the condition of urban roads, intercity mass transportation and so on to protect erosion in that area, if necessary. And, of course, the Administrator of the Federal Highway Administration, and Secretary of Transportation Drew has recommended an increase in funding sources, which is a difficult thing to do politically. I know that from experience because I tried twice last year, once in what I felt was a relatively easy way to do it, to use part of our severance coal tax; and second, to raise gasoline 5 cents and diesel 6. I know the reaction because I was unsuccessful. The fact is that highways are only built with money, I don't know any other way. There are no other miracles.

If we could get some certainty at the Federal level, even though it may cause some competition for revenue sources, if that could be worked out as a part of that whole sorting out process of the Federal/State responsibilities, I think that it's essential to maintain the fundamental integrity of the trust program and the Federal-aid system and particularly in those areas that relate to the interstate and the primaries.

Senator SYMMS. What you are saying, if I can kind of summarize it, is that you want to finish the Interstate, particularly out here where you are in the countryside and get it all tied together from a national defense point of view.

Governor SCHWINDEN. Absolutely.

Senator SYMMS. Then concentrate on 4–R and then the completion in the areas that haven't the priority.

Governor SCHWINDEN. I want to be very careful in the far area because I think one of our problems in the past, our failure to repair and reconstruct is causing a more rapid deterioration than would have been necessary if we would have spent some sensible dollars. So I think that that has to be looked at almost at the same time as we look at closing the gaps. But, I pointed out, Senator, I'm certain that the people in Washington, D.C., and the people of Los Angeles feel very strongly about the need to handle their traffic problems, but I would submit that they are local problems and that the Interstate System is a national policy decision.

Senator SYMMS. I think that about two-thirds of the highway dollars are presently levied by the States. Let's say, for example, that if we would pass one of these proposals which would increase the Federal trust fund and extend it, where does that put the State of Montana, as far as being able to match the funds? Let's say we doubled what we have in the trust fund, instead of having an $8 billion program we come up with 12 and then a 16 in the future as we get more revenues in. Could you match that amount of money?

Governor SCHWINDEN. I can tell you that I would certainly recommend it as strongly as I could. But as you know no executive can guarantee what a Congress or a legislature will do, as I found out last year. I think that we have the resources and Montanans, by not only polled results, but by, you know, what I hear in listening to them tells me that highway construction and highway development in a transportation network is a No. 1 priority in the State. I think that public pressure and public support would be there to match those funds. I think that's without question.

Mr. WICKES. We could stand a $100 million increase in Federal funds and match them without any problem at all.

Senator SYMMS. How much do you get now?

Mr. WICKES. This current year they bring in about $65.4 million, a drop of over 30 percent from $87.7 million last year.

Senator SYMMS. $64 million?

Mr. WICKES. $65.4 million.

Senator SYMMS. And you could use a $100 million with no problem?

Mr. WICKES. We could use a $100 million more and match it without any problem.

Senator SYMMS. When this question came up on this 4-R formula we had quite a discussion among those of us on the committee and Senator Baucus had one very strong point of view, and it's the same one that I share. Senator Bentsen had another very strong point of view that the formula ought to go in a different direction from what we have been doing. I think that that's a problem that has to be reckoned with for the Western States, for all of us, I guess. What you have are politicians that come from States like Texas where they get 70 cents back and so you have everybody saying, what's the matter, can't you get your dollar back?

Governor SCHWINDEN. I have a delightful letter from Governor Clements who represents a slightly different point of view from Senator Bentsen who speaks to the dramatic impacts of some medicaid formula changings which are affecting his State and certainly in our discussions last week with Governor King and Governor Evans and the other Governors of the West, it's clear that there's enough commonality of interest that I think working together, and in particular with Western Senators like yourself who take an active leadership role in this area, that we can stop the erosion that is associated with allocations between the so-called winners and losers. We are talking about a kind of transportational poker game in which the losers inevitably holler fowl and the winners say deal.

The $87 million which was lost out of the westernmost States was the $87 million that was gained to the Northeast Coalition, almost to the dollar. It was just an incredible transfer of funds because of the allocation formula change. I think that we, you and I all of us, share a unique opportunity and responsibility here in the West to assure that this kind of shifting is minimized, if not prevented. Nowhere is that problem more real than in the State of Montana. The per capita loss of highway funds can run in the magnitude of $35 to $40 per every man, woman, and child in Montana. So, I recognize that whose ox is gored becomes an important consideration.

Senator SYMMS. What they come back and say is that we are getting $1.30 for every $1 put in the trust fund and so that's the argument that we are confronted with that we get $1.25 in Idaho. We have, over the time, seen that the other States are trying to get it up to getting back what they put in. That's the political problem that we are confronted with.

Governor SCHWINDEN. Recognized, but at the same time the solution, as you well know, that's being proposed by particular Eastern and Northeastern groups is the representative tax system which attempts to impose a national tax system on the historic right of States to choose their own method of taxation and it attributes to a State like Wyoming, for example, an income tax which does not exist in order to build that representative tax system formula. Historically the Congress, and I think the people, have recognized that per capita income is a relatively good measure of fund allocation at the Federal level. What is happening now is that there is an attempt to change the formula, not because it's right but because it helps some States as against others.

Mr. WICKES. If I may, Senator, I think that it's clear that in the West the cost of building and maintaining highways is considerably more per capita than the East. The cost of maintaining 1,200 miles of interstate is a burden on Montana.

Senator SYMMS. Right.

Mr. WICKES. There is a significant population of about 800,000 people. I think that that has to be a consideration. We are not asking for the world, the ratio used to be 75/25 and what we have endorsed is a 60/40, which seems to me to be a reasonable compromise between the political realities that you face and what the needs of the West are.

Senator SYMMS. That sounds good to me. Let me ask you one question which you or the Governor may want to comment on. This truck size, weight issue is before a number of State legislatures as well as Congress and what do you recommend that the Congress do about that?

Mr. WICKES. We are still in a process of reviewing the cost allocation study from the Federal perspective and also from the State perspective, and so we don't have any clear-cut decision yet on the methodology that's used. As you know, the truck industry opposes the method that is in that particular cost allocation study. But I don't think there is any question that we support, and I think that the WASHTO representatives will indicate, allocation costs or allocation of user taxes on a cost basis. There has to be a fair sharing of the burden, and if there is no problem with the methodology, I think that the State of Montana would come down on the side of doing that. Our State legislative committees that are looking at the highway problems recommend that we increase GVW fees and user taxes for trucks. So I think that we are in support of the direction that we are headed.

Senator SYMMS. And in supporting some kind of uniform minimum?

Governor SCHWINDEN. Yes.

Senator SYMMS. That's something, Governor, you can take that message to the Governors' Conference.

Governor SCHWINDEN. Good advice.

Senator SYMMS. I want to thank all of you very much for being so helpful to us. We will take back the message to the rest of the committee. I know that at times when you come to testify and you see only one member of the committee here, you begin to wonder if anyone is going to listen, but I can assure you, in this case, that the staffs of the other Senators will be well apprised of this and will be trying to come out with some kind of fair solution to the problem. I thank you so much for your input.

Governor SCHWINDEN. Thank you very much, Senator. I hope that we see you toward the end of the summer then.

Senator SYMMS. I hope so. That would be great. It's nice to meet all of you.

Panel No. 1 will be Hon. John Sessions, chairman of the Idaho transportation committee of the house of representatives; Hon. Jack Bangerter, senator from District 23, State of Utah; and Hon. Norman H. Bangerter; is that correct? We've got a couple of brothers here?

Senator **Jack M. Bangerter**. Shirttail relatives.

Senator **Symms**. Shirttail relatives. Speaker of the House, State of Utah.

Gentlemen, come right on up. We look forward to hearing from you today.

First, according to my list, we will hear from John Sessions, who is a good friend of mine and who does a good job for us on the transportation committee in the Idaho Legislature. John, welcome to the committee, we look forward to hearing your testimony.

STATEMENT OF HON. JOHN SESSIONS, REPRESENTATIVE, IDAHO STATE LEGISLATURE

Representative **Sessions**. Thank you, Mr. Chairman, and members of the committee. It's a pleasure to be here and have this opportunity to present this testimony to you today. I would like to say that I am at this point in time perhaps wearing two hats. Last week here in Salt Lake City the Western Conference of the Council of State Governments held their annual conference and during that conference the transportation committee adopted three resolutions and I was asked by the chairman of the transportation committee to present those resolutions to you today, discuss them briefly. My other hat or position, I'm the chairman of the house transportation and defense committee, a position that I have held for the past 15 years. I would like to say that tomorrow in Lewiston our director of transportation, Darrell Manning, will be presenting testimony to you on the four specific items that you alluded to in your letter of invitation. Mr. Manning will cover those areas, so to avoid repetition I have geared my remarks around our problems in Idaho and around the resolutions that were adopted last week by the Western Conference Council of State Governments.

The annual highway needs in Idaho for the Federal-aid primary, secondary, urban systems, and critical bridges amounts to $109.8 million compared to an annual apportionment of $51.2 million. Thus, the annual needs exceed the program by a factor of 2 to 1. The simple fact of accruing needs versus the annual program indicates a decline in transportation services, a condition now and in the future. It is imperative that we turn this situation around for the good of the State and the country.

Regarding our three resolutions, the first one is No. 82–6, which relates to release of the Federal Highway Trust Funds that presently are, shall we say, impounded by the Federal Government. The practice of withholding Federal-aid highway funds is one of the most serious issues. We add our voice to those of others who are similarly concerned and we appeal for the immediate release of the $8 billion from the Highway Trust Fund.

The most recent action by the Federal Government to manipulate the highway program saw $37.5 million frozen for the State of Idaho in fiscal year 1980. At the end of the fiscal year 1982, this figure increased to $48 million. Problems generated by this action include: disruption in the selection and programing of projects; fluctuation in availability of professional staff for project development; disruption in cash-flow and manpower management; and inability to project levels of needed State revenues to match Federal funds.

Impounded dollars should be earmarked for interstate gap-closing projects and for maintenance and repair of the presently existing systems.

Idaho's 612-mile Interstate Highway System will require $241 million in eligible costs to complete, according to the 1983 Interstate Cost Estimate.

In addition, 4–R type work needed on the Interstate System amounts to an estimated $202 million for a 10-year period. This is for the State of Idaho alone. Other Western States have similar needs.

The second resolution is No. 82–7, which relates to 3–R standards for noninterstate highways. On this issue we agree with the FHWA's final rule effective on July 12, 1982. Endorsement of this rule would: 1) provide maximum flexibility and discretion at the State and local levels; 2) encourage design of facilities which conform to the diverse needs of many different localities; 3) reflect congressional intent to provide greater flexibility in the use of Federal funds; and 4) accommodate adequate Federal overview.

Currently 40 percent of Idaho's Federal-aid highway improvement programs consist of 3–R type projects.

Idaho has communicated with FHWA to operate under "Option No. 3" of that rule. Under this option, we would continue with our current practice of designing to current AASHTO standards where possible and requesting exceptions where warranted on a project-by-project basis. Idaho has developed a good working relationship with FHWA and feels quite confident that we will be able to work out acceptable (3–R) standards agreeable to both State and Federal requirements.

The Western Conference Council of State Governments and the State of Idaho recommends that Congress support FHWA's final rule effective July 12, 1982, to allow greater flexibility and local discretion in the geometric design of non-freeway [3–R] projects.

The last resolution, No. 3, relates to continuation of the Federal-aid highway program. That's No. 82–8. On this subject, it is inconceivable that we could enter the forthcoming 1983 fiscal year without a Federal-aid highway program. Therefore, it is absolutely imperative that the Congress enact a 1982 Highway Act to insure that this time-proven program be sustained and continued beginning October 1, 1982.

We in Idaho call for the continuation, at present fiscal year 1982 levels, of the following categorical highway program elements. I'm bringing this down to the State. The primary system and apportionment of $12.1 million is needed to equal the current levels. On the secondary system, $4.8 million; on the urban system, $3.9 million; bridge replacement, $4.1; safety, $3.1. As I mentioned before, other States have similar needs; however, the mathematics would perhaps be different.

In addition, the Congress should act promptly to approve the 1983 interstate cost estimate so that the individual State's apportionments can be computed and distributed. As it stands now, only interstate 4–R funds would be available if the fiscal year 1983 interstate cost estimate and the new Highway Act are not acted on soon.

Regarding the extension of highway trust funds, it is distressing to observe that even though the Nation is less than 30 days from the close of fiscal year 1982, no positive congressional action has been taken to extend the highway trust fund. Certainly, by any measurements, that trust fund has been the catalyst for the most worthwhile project—public works program in our national annals.

We entreat the Transportation Subcommittee to use its influence in the legislative process for the purpose of renewing the various excise taxes which provide the revenues for the highway trust fund. Even a 1-year extension to provide only the present levels of funding would be acceptable and would demonstrate economic recognition that this urgent national issue would not be ignored.

Regarding contract authority, this all-important form of budget authority has always made it possible for a State to enter into highway improvement contracts in advance of its Federal apportionments. This assures the contracting industry that all payments will be made and therefore has been a definite stimulus to the growth and stability of this important source of jobs.

The contract authority provision is absolutely essential to the continuity and orderliness of the Federal-aid highway program and should be included in any new highway legislation.

The Highway Construction Cost Index increased in Idaho from 52 points for calendar 1972 to 150 points in calendar year 1981. This is an increase of a total of 98 points, and is descriptive of the funding dilemma which confronts all road and street governments in other States as well as Idaho.

Idaho supports the New Federalism policy as adopted by the National Governors' Association which calls for separate treatment of transportaiton programs. The Federal Government would be held accountable for providing adequate revenues to finance programs remaining at the Federal level; likewise, State and local governments must accept their responsibility for the remaining programs.

An article that appeared in the March–April 1982 issue of Traffic Safety magazine entitled "Completion of Interstate Is Still a Dream of the Future" has some very pertinent facts that I think are worthy of consideration. It emphasizes the importance of maintenance of a good transportation system.

In closing, I would just like to comment that during my 15 years in the legislature I have supported and worked for six different tax increases for highways and I would like to say that I have not had any significant amount of opposition to them. This indicates to me the importance of a good transportation network properly maintained to the people whom we represent. Transportation is a very important item.

Thank you, Mr. Chairman.

[The resolutions referred to follow:]

WESTERN CONFERENCE
THE COUNCIL OF STATE GOVERNMENTS

165 POST STREET, 5th FLOOR   SAN FRANCISCO, CALIFORNIA 94108   (415) 986-3760

APPROVED RESOLUTION NO. 82-6

RELEASE OF HIGHWAY TRUST FUND MONIES

(Introduced by the Transportation Committee)

Urging Release of Highway Trust Fund Monies in Order to Complete, Maintain, and Repair the Interstate Highway System

WHEREAS cost of highway construction and maintenance are constantly increasing; and

WHEREAS the Interstate Defense System was begun in 1956 and is still incomplete; and

WHEREAS other highway systems are in need of maintenance and repair; and

WHEREAS highway construction and maintenance costs have increased faster than inflation over the past several years; and

WHEREAS the interstate system is important to the defense of the United States; and

WHEREAS $8,000,000,000 in highway trust funds are presently sitting idle and drawing only interest;

NOW, THEREFORE, BE IT RESOLVED that the Western Conference of the Council of State Governments requests the President and the Congress of the United States to eliminate all obstacles to the release of the moneys in the highway trust fund and that these moneys be made available to the several states to complete the interstate system and for the maintenance and repair of the presently existing systems;

BE IT FURTHER RESOLVED that these funds be made immediately available to accomplish these tasks.

(RESOLUTION APPROVED BY THE CONFERENCE AT ITS 1982 ANNUAL MEETING ON AUGUST 25, 1982, IN SALT LAKE CITY, UTAH.)

Comprised of Legislators, representing the following States:

Alaska • American Samoa • Arizona • California • Colorado • Commonwealth of the Northern Mariana Islands
Guam • Hawaii • Idaho • Montana • Nevada • New Mexico • Oregon • Utah • Washington • Wyoming

WESTERN CONFERENCE
THE COUNCIL OF STATE GOVERNMENTS

165 POST STREET, 5th FLOOR SAN FRANCISCO, CALIFORNIA 94108 (415) 986-3760

APPROVED RESOLUTION NO. 82-7

NON-FREEWAY 3R STANDARDS

(Introduced by the Transportation Committee)

Opposing Application of Geometric Design Standards to Federally Supported Highways Other than Freeways

WHEREAS the states have long relied upon federal funding to improve extensive mileage of existing highways and streets to comply with geometric design standards desirable for major reconstruction and new construction, at a rate approaching that at which pavements have deteriorated; and

WHEREAS Congress established the federal-aid non-freeway 3R program to assist state and local governments in meeting highway rehabilitation needs; and

WHEREAS those who contributed to the establishment of the federal-aid non-freeway 3R program recognized the inappropriateness of applying full design standards in all instances, but that local conditions and needs should be taken into account; and

WHEREAS the Federal Highway Administration (FHWA) has worked with the states in a cooperative effort to make the federal-aid non-freeway 3R program function as Congress intended, and to obtain the maximum benefit for dollars expended; and

WHEREAS the FHWA, on June 10, 1982, published a final rule on design standards for federal-aid non-freeway 3R work, intended to provide the maximum flexibility to state and local governments in implementing the program; and

Comprised of Legislators, representing the following States:

Alaska • American Samoa • Arizona • California • Colorado • Commonwealth of the Northern Mariana Islands
Guam • Hawaii • Idaho • Montana • Nevada • New Mexico • Oregon • Utah • Washington • Wyoming

APPROVED RESOLUTION NO. 82-7
P. 2

WHEREAS Congressional action threatens to repeal the FHWA's final rule; and

WHEREAS the members of the Western Conference of the Council of State Govermments are concerned about this situation and want to encourage a satisfactory solution;

NOW, THEREFORE, BE IT RESOLVED by the Western Conference of the Council of State Governments that:

1. Any effort to apply full geometric design standards to all federal-aid non-freeway 3R work be opposed; and
2. The FHWA's final rule of June 30, 1982, should be endorsed and supported as adequately addressing the needs of the states and their political subdivisions for flexibility in the application of design standards to federal-aid non-freeway 3R work, and that Congress be urged to take no action modifying or setting aside the final rule.

(RESOLUTION APPROVED BY THE CONFERENCE AT ITS 1982 ANNUAL MEETING ON AUGUST 25, 1982, IN SALT LAKE CITY, UTAH.)

WESTERN CONFERENCE
THE COUNCIL OF STATE GOVERNMENTS

165 POST STREET, 5th FLOOR SAN FRANCISCO, CALIFORNIA 94108 (415) 986-3760

APPROVED RESOLUTION NO. 82-8

FEDERAL-AID HIGHWAY PROGRAM

(Introduced by the Transportation Committee)

Urging Reauthorization of the Federal-Aid Highway Program at Levels Equal to FY 1982 Funding Levels

WHEREAS the current Federal-Aid Highway Program, established pursuant to Title 23 of the United States Code, provides needed support to state and local governments in addressing the highway needs of the nation; and

WHEREAS authorization for the Federal-Aid Highway Program expires on October 1, 1982, unless Congress extends it; and

WHEREAS if Congress takes no action and the Federal-Aid Highway Program expires, then, in Fiscal Year (FY) 1983, the Federal Highway Administration may apportion only $800 million in interstate 4R funding, and no additional funding would be available for interstate completion projects and the several necessary non-interstate categorical programs; and

WHEREAS this event would severely disrupt the highway programs of the states and their local governments, cause further decay in existing highways, increase the cost and delay the benefits of new construction and generally damage the American highway system;

NOW, THEREFORE, BE IT RESOLVED by the Western Conference of the Council of State Governments that the Administration and Congress work to adopt legislation by October 1, 1982, that will assure continuation of the Federal-Aid Highway Program in FY 1983 and that will include but not be limited to the following:

APPROVED RESOLUTION NO. 82-8
P. 2

1. Authorization of federal-aid primary, secondary, bridge, urban and safety programs for FY 1983 at a level at least equal to FY 1982;
2. Approval of an interstate cost estimate for FY 1984 with apportionment factors for each state to enable the distrbution of interstate completion funding;
3. Extension of the Highway Trust Fund for at least one year, to allow for a highway program at least equal to the FY 1982 level; and
4. Assurance for the continuation of contract authority for the Federal-Aid Highway Program.

(RESOLUTION APPROVED BY THE CONFERENCE AT ITS 1982 ANNUAL MEETING ON AUGUST 25, 1982, IN SALT LAKE CITY, UTAH.)

Senator SYMMS. Thank you very much for a very good statement, John. Do you think if, let's say, I get my wish list and before the 97th Congress adjourns we would have done something that I felt we should have done in the most recent revenue bill that passed, but we could not get the support of the administration at this time, but if we actually got something and extended the trust fund and raised the revenue 4 or 5 cents a gallon, could the State of Idaho immediately come in and start matching it as Montana said that they could? Would we have a problem?

Representative SESSIONS. To my knowledge, we never, as yet, have lost any money through not having projects ready. It's my opinion that we would rise to the occasion and we would be able to meet those.

Senator SYMMS. Montana said that they had 9 cents on gasoline and 11 cents on diesel. What do we have in Idaho now?

Representative SESSIONS. We presently have 11½ cents base on gasoline. However, this year we increased it to 12½ and that additional penny on top goes to local units of government. However, that expires July 1 next year. So 11½ cents basically.

Senator SYMMS. The same on diesel?

Representative SESSIONS. Yes.

Senator SYMMS. OK. Next is Jack Bangerter, the Utah State Senate Vice Chairman on the Highway Transportation Committee.

STATEMENT OF HON. JACK BANGERTER, UTAH STATE SENATE

Senator JACK BANGERTER. Thank you, Mr. Chairman.

We would like, Mr. Chairman, to introduce Dwayne Johnson from the house of representatives. He serves on the Transportation Committee as well as on the Multistate Highway Transportation Committee. Also, I would like to introduce Gen. Otis Smith from our Utah Transport Association for the State of Utah.

Senator SYMMS. Welcome. I'm glad to have all of you here.

Senator JACK BANGERTER. I don't think we need to introduce the speaker. He is already well known. Speaker Norman Bangerter.

Senator Symms, ladies and gentlemen, my name is Jack Bangerter of the Utah State Senate. I am appearing here today in my capacity as vice chairman of the Multistate Highway Transportation Agreement. The MHTA is an interstate cooperative agreement begun in 1974 by the Western Conference of the Council of State Governments to provide a regional forum for the discussion of highway transportation in the West. Today eight States: California, Arizona, Oregon, Idaho, Montana, Wyoming, Nevada and Utah, are members of that agreement. We are working for uniformity and compatibility of highway laws and regulations to smooth the flow of commerce among our States. For example, we are developing procedures for the joint operation of ports of entry, and a point of interest at this point, the State of Utah and the State of Wyoming now have statutes and bilateral agreements in place where we can have a joint use of a port of entry at Evanston, Wyoming and also Arizona and Utah with the joint use of a point of entry at St. George, Utah. We have also encouraged the broader use of electronic weigh-in-motion truck scales and the expansion of truck safety inspections.

Although the MHTA decisions are not binding on the member States, the official representatives from the States are key legislators, highway engineers, and administrative officials who are leaders in transportation. The MHTA is the only State-sanctioned forum that brings together such transportation leaders in their official capacity. Just this past week the MHTA held a planning session near Salt Lake City at which time we learned of this field hearing. We voted unanimously to express our concern to this Subcommittee on one area of special interest to the West. Our Western States economies are dependent upon highway transportation. As in all areas of our economy, we look for ways to make transportation more efficient and more productive. We are also concerned with maintaining the condition of the highways themselves. For over a decade now, several of our Western States, including the State of Idaho, Senator Symms, and our State of Utah, have helped to meet the needs of efficient productive transportation while lessening the burden on our highways. We have done this through the issuance of special permits for divisible loads and extended length combinations. As you are aware, the increased length and increased number of axles of these combinations reduces the axle weights applied to the highways, even when operated at gross weights that exceed 80,000 pounds.

But the issuance of these special permits has been hindered by the Federal size and weight law and the Federal Highway Administration. A State may issue a special permit for a load over 80,000 pounds on the Interstate System only if the State's law, as of July 1, 1956, could have allowed such operations. Some States, such as Wyoming, clearly did not have the proper statutory authority in 1956 to issue these permits and so are tied to the technology of 25 years ago. Other Western States have determined that their laws allow the issuance of these special permits only to meet with resistance and threats of revenue withholding by the FHWA.

Currently, eight Western States allow extended length combinations over 80,000 pounds on the Interstate System under special permit provisions. Most of these States continue to receive severe pressure from the FHWA to curtail these efficient, productive operations. The MHTA believes that States should have the flexibility to meet their transportation needs as long as the Federal investment in the Interstate Highways is protected. We feel that State highway engineers and administrators know best what the State transportation needs require and facilities allow and can determine the combinations, the rights, and the restrictions proper for each State.

For our part, the MHTA will work to develop uniform regulations among the States which choose to allow those special permit operations. But, before we can do our part, we need a change in the Federal law. We strongly urge this subcommittee, when considering the Federal truck size and weight legislation, to include explicit recognition of the ability of any State to issue special permits for division loads over 80,000 pounds as long as the operations conform to the bridge laws already in place in that State. Such a provision in the Federal law will allow our Western States to continue to meet the growing transportation needs.

Thank you for the opportunity to express our view.

Senator SYMMS. Thank you very much, Senator. That was a very good statement and I appreciate your comments, particularly about those axle loads and the special use on those trucks.

Now, Mr. Speaker.

STATEMENT OF HON. NORMAN H. BANGERTER, SPEAKER OF THE HOUSE, UTAH STATE HOUSE OF REPRESENTATIVES

Representative **Norman Bangerter**. Thank you, Mr. Chairman. I should say that these folks to my left are the real experts on highways. I came today because the folks at the highway department thought it might be worthwhile for me to make a statement.

I am Norman Bangerter, the Speaker of the Utah House of Representatives. Highway deterioration is a problem everywhere but in the intermountain West part of the problem is the emergence of our area as an energy supplier for the Nation and the growth of heavy traffic on our rural roads occasioned by energy development. Capital investment in highways over the past decade has not kept pace with the growing needs of our highway system and we have seen its consequences.

Utah is a large Federal land State with a relatively small population. Many of our highways carry almost as much interstate as they do intrastate traffic, and they serve as a vital link in the system which provides national mobility. Because of these factors, Utah cannot, by itself, provide the financial resources required for the construction and maintenance of the highways within its borders. A tax of 1 cent on a gallon of fuel in Utah produces only a little more than $7 million annually. During the past 4 years the matter of highway revenue has been before the legislature. In 3 of those years we have increased fuel taxes isn't popular and the leadership of both political parties agreed surface rehabilitation programs.

I might add that that was done also on a nonpartisan basis. Raising taxes isn't popular and the leadership of both political parties agree that it be done and so we did that in a joint effort. Also, in 1982 for the first time, we appropriated $5 million from the State's share of the Federal mineral lease receipts to aid in the mitigation of impacts on highway surfaces caused by mineral development. Our fuel tax has risen from 7 to 11 cents per gallon in the last 4 years. Auto registration fees, drivers' license fees, and some truck fees have been doubled.

With these increases we have been able to provide funds for routine maintenance, match Federal funds, pay our administration and operating costs, and provide $20 million a year or about one-third of what is needed for surface rehabilitation by contract. We have no funds for construction or reconstruction except those provided under the Fedal-aid highway program. The Federal-aid program is lagging badly. Many miles of our Interstate System remain incomplete and the prospect of completing these with the present level of funding is very dim. Other major urban and rural roads are carrying volumes of traffic far higher than they were intended to carry, but cannot be improved because Federal funding levels have not kept pace with inflation. An immediate and substantial increase in the level of Federal effort, at least equal to the State effort which has been made, is needed to once again equalize the Federal-State partnership which has existed in highway programs.

The legislature supports the concept that highway users should bear the cost of building and maintaining highways. We also believe that the various classes of highway users should pay that portion of the total cost occasioned by their use of the system. Many of our members have been anxiously awaiting the publication of the final report of the Federal highway cost allocation study, and will review its findings and use them in analyzing our own taxing structure. We will be watching carefully what Congress does with the study and how it resolves the differences of opinion that will arise over the validity of its conclusions.

The President has proposed the concept of a New Federalism. No program is more adaptable to this concept that the Federal-aid highway program. A redefinition of the role and responsibilities of the Federal and State Governments is needed and would not be difficult to accomplish if the Federal Government first brings revenue levels into line with needs in the existing programs. If funding levels can be made reasonably adequate, the existing programs which are only of state or local significance, like the secondary and urban programs, could be transferred to the States with provisions for up to 2 cents of the Federal fuel tax being preempted by a similar state tax. If funding levels are not made adequate before the transfer of programs, however, the Federal Government will not be able to finance the programs it retains from existing revenue, and the States will be faced with the task of funding the transfer programs by once again raising State taxes without relief in the Federal rate of taxation.

Mr. Chairman, the Federal-aid highway program has been in limbo for the last 2 years as Congress has not been able to enact a multiyear program. We are now past the time when a long-term solution should be enacted. Without a clear direction at the Federal level, States like Utah will have a difficult time managing their State highway programs.

Senator SYMMS. Thank you very much for a very direct and to the point statement. I appreciate your comments very much. Did you have a statement, Mr. Johnson?

Representative JOHNSON. No.

Senator SYMMS. Senator, you are here representing more than one State; is that true?

Senator JACK BANGERTER. That is true, Mr. Chairman.

Senator SYMMS. First, I want to ask the question of the Speaker that I asked Mr. Sessions and that is, if we can raise some more Federal dollars, can Utah match them with no problem?

Representative NORMAN BANGERTER. I don't know that we can match them with no problem.

Senator SYMMS. It's been such a problem that we haven't been able to raise the first part of it.

Representative NORMAN BANGERTER. I think that our record speaks for itself in Utah.

Senator SYMMS. What is your fee here?

Representative NORMAN BANGERTER. We are now at 11 cents a gallon.

Senator SYMMS. You mentioned trucks.

Representative NORMAN BANGERTER. We have raised the fees on trucks as well as doubled our drivers license and our registration fees over the last year. So I think that we are committed to to it. We know that we are not keeping up but we have no way of raising it enough to keep up. But, yes, I believe that the State and both the political parties are prepared to make that commitment because it's such an important part of our system.

Senator SYMMS. Senator, in the 10 States that you are representing here today, are their taxes all similar to Idaho, Montana, and Utah?

Senator JACK BANGERTER. Mr. Chairman, each State has a different way of taxing, and where the State of Idaho might tax on a ton-mile basis or you go up the road and pay a certain number of dollars per mile, the State of Utah comes in with 11 cents per gallon. Where, in the State of California, they have a different but similar taxation on fuel and on the road taxes, some are ton-mile taxes and some are flat rate taxes. It depends totally on the State and they are all different.

Senator SYMMS. How about this ton-mile tax in Idaho, how is that working out? Explain to me how that works.

Representative JOHN SESSION. Well, of course, it's a weight/distance tax and I think that basically the concept is very good. However, it does require sufficient auditors to enforce it.

Senator SYMMS. I get a lot of criticism from people that tell me that the guy that has one truck is not usually reporting, whereas a trucking company, one that's in the transportation business, so to speak, are reporting all of it, so it's unequal application of the law. Do you agree with that?

Representative JOHN SESSIONS. That's what I was going to say. The weakness in that method is the fact that an individual, to quite an extent, is on his honor to report the actual miles traveled. So that's where the weakness in the law itself lies. And, of course, having sufficient auditors to audit the operators and see if they are paying the proper amount and so on. But the basic concept, I think, is hard to dispute, the fact that you pay according to the weight you haul, according to the miles traveled. It's true there are just a small number of States that have that tax in place at the present time. However, other States have been making inquiries of Idaho and they are looking at that very system.

Senator SYMMS. How about the cost allocation studies? Some of the truckers are telling us that it's weather that wears out the highways and not the trucks and the DOT study is biased against big trucks. Would any of you want to comment on that?

Representative JOHNSON. At a meeting 2 weeks ago or so, a representative from the Federal Government told us that the cost allocation probably had no relationship to the way that a State should tax.

Senator SYMMS. Who was this?

Representative DWAYNE JOHNSON. Tony King. His contention was that they used it but it probably has no relationship to the way that the State should tax a trucking industry. I asked, "Why don't you make that disclaimer when you send out this material because most people believe that this is the scientific and perfect way to do it." He said that they didn't mean it that way; taxes probably should not be paid on that basis. So it makes you wonder what we are doing with it.

Representative NORMAN BANGERTER. Well, anytime that you get into a study or a taxing philosophy, of course, you can't take in only one factor. We know that we are going to have to give certain preferential treatment in certain areas; if we didn't, many of our industries would not survive if they were head-to-head. I think that, yes, it is a factor, but I think that you also have to look at the life of the industry, the viability of the industry, and whether or not they can handle a tax. I think that on any tax policy, you have to make it on a multifaceted basis so that you don't kill the goose that lays the golden egg, or take away a service that we have to have that maybe another section of society has to subsidize to some degree. So I think, too, to save money, that they need to take it on that basis.

Senator SYMMS. Senator?

Senator JACK BANGERTER. I think that it would be interesting to note that the transportation industry is in severe trouble in the movement of goods from our farms and mines in these United States, and already in your particular State, your people are going to suffer severely this year because we cannot move those goods from your farms to the users of this country. I would expect that as we look to put on increased tax burdens especially where everybody benefits from the trucking industry, we are going, as has already been indicated, to kill the goose that laid the golden egg. So I would expect and, of course, I represent in this capacity the eight western States, and what I'm indicating now is, Jack Bangerter's philosophy in no way is an impact or a voice of the eight western States. It's just an indication from the point of view that those tax dollars maybe should be shared with the automobiles and the other users of the State before you kill the transportation that is moving the goods from the farms.

Senator SYMMS. I happen to agree with what you just said for obvious reasons that being involved in the produce business all my life and seeing the importance of trucks feeding the people in the urban areas. Having been in many of those markets myself, I've seen the importance of trucks to a city like New York City without which they would run out of food in about 24 hours. There is just a constant string of trucks coming in with fresh produce from all over the country and the extra tax burden will just add to the cost. But what do you say to the people that talk about the fact that the trucking industry probably benefited more from the interstate system and the Federal influence into the program than any other industry in the country?

Senator JACK BANGERTER. I would say that maybe the trucking industry is not benefiting from those things because as is visible at this particular point, they are going bankrupt in great numbers. But the recipient of the benefits are the people. They are the ones who have the high standard of living because of the way that we perform our transportation services in these United States. So maybe we had better take a good look at it as we move along.

Senator SYMMS. I guess that you could add the efficiency and hard work of the American farmers that provides the people with food for a very small part of their total budget. It's amazing how we hear all of the complaints about subsidies to the farm, but in effect, the farmers are subsidizing the people that are buying the groceries with low cost food. In the market system, of course, transportation is a very, very important part of that, as you are pointing out.

John, how about the highways in Idaho? If the allocation study says that it's not fair to big trucks, what's your opinion as to where something fair would be? I think that the trucks are willing to recognize that they are going to probably have to pay a little bit more, ut how much is just and how much can they stand, in your opinion?

Representative JOHN SESSIONS. I know that there are differences of opinion as to the methodolgy used in arriving at the conclusions in the cost allocation study. The Federal Highway Institute, for example, strongly questions the methodology used. Conditions vary from one State to another. In Idaho, perhaps we have to build to a higher standard than they do in Arizona, for example. We have moisture conditions, freezing, thawing, mountains, lakes, streams. It causes a higher standard of construction than perhaps in some of the other States. And maintenance likewise. It's a very debatable subject as to who is paying their fair share and who isn't. We all recognize that the trucking industry is very important, a very essential part of our everyday lives. We could hardly exist without it—so we ought not to overburden them. So I guess that we would argue from now on as to whether or not the large trucks are the ones that cause the breakup or is it the small cars? Considering, of course, the pounds per square inch limitation on the roadway surface. So I don't know that there is anything specific or concrete. I think that presently the trucks are paying their fair share in Idaho at the present time, and when we do look for increases, I'm sure the No. 1 area will be fuel and perhaps then registration.

Senator SYMMS. You drive on Interstate 80 a lot, from eastern Idaho back to Boise.

Representative JOHN SESSIONS. Yes; I do.

Senator SYMMS. I am sure with your interest in highways you've checked out the left lane and the right lane. I've been defending the truck thing like you were doing right here all of my life and how do I explain that I can tell the difference myself in the right lane and the left lane? Is it that all of the cars drive in the right lane? What's your answer on that?

Representative JOHN SESSIONS. I'd like to bring it down a little more specifically to the local area rather than the interstate. I am glad that you asked that question.

Highway 33 runs from Sugar City over on into Teton Valley. Where I live we raise a great amount of seed potatoes and Highway 33 is a two-lane road presently. Strangely enough, the road coming into the valley is very level, you don't notice any significant wear. Coming out of the valley you see two ruts in the right-hand lane as you are coming out. That indicates to me what weight does to the highways. Of course, speed causes breakups also. We do have frost conditions there in the early spring that the road has a load limitation put on it, but nevertheless in that two-lane road that points out to me the difference in the traffic pattern.

Senator SYMMS. Do you think that speed breaks up the highways also?

Representative JOHN SESSIONS. Excessive speed; I'd say weight number 1 and speed number 2.

Senator SYMMS. Would you like to see the Congress waive the 55 mile an hour limitation and let States set the speed limit at 70 if they wish to?

Representative JOHN SESSIONS. I would like to see Congress eliminate the 55 mile per hour speed limit and leave it up to the States. Perhaps a lesser limitation, even 65 rather than 70 maximum.

Senator SYMMS. Senator, how about you?

Senator JACK BANGERTER. I would concur with what Mr. Sessions indicated that the States ought to have that option. Back in the East where 55 miles per hour is the norm, they understand 55 miles per hour because their distances are short. We in the West break the law every day of our lives as we travel the long stretches.

Senator **Symms**. We break it in the East too.

Senator **Jack Bangerter**. Even more so then.

Senator **Symms**. If you ever drive 55 everybody passes you. If you are heading to Richmond from say Washington, they don't drive 55 on that road either. If you get up on the Pennsylvania Turnpike I think if I was a Pennsylvanian I would be wanting to set the speed limit. At that time that I have been on it it shouldn't have been 55. It was almost hazardous at that. It was raining and lots of traffic and 55 was fast enough, I will put it that way. How about Utah? Do you go for waiving 55?

Representative **Norman Bangerter**. Personally, as fast as we can get it.

Senator **Symms**. Is there anybody left from Montana or did Montana drive all the way back? I apologize. We will have to send them a letter and ask them how they feel too. I was going to ask if anybody from Montana knew what the sentiment of the State was. I was shocked when I became chairman of this subcommittee and brought up this question of the 55 mile-an-hour speed limit to find out that there is only about two votes on the Transportation Subcommittee to raise the limit. I was shocked. I guess someday we ought to offer the amendment on the floor and get a record vote on it and find out what everybody really thinks. Every time I bring this question up at home I get lecture from my wife about why it ought to be left at 55. Do you all run into that same thing? I don't find popular support to raise it, but I notice all of those same people who say how wonderful it is all drive 70 when they can get away with it.

Representative **Norman Bangerter**. I worked on the Safety Commission and when I am driving down the road I like to see it raised to 70, but when I look at the safety records I think that we should hold it to 55 because it relates to people killed and we can show an exact relationship of speed to safety. But I drive 60. I agree though that it should be left to the States.

In order to answer the question you brought up a moment ago about the ruts on one side and not on the other side, we have the same thing going to my ranch all of the time where the heavy trucks will come by. Would you sooner pay for those ruts in gas tax or would you sooner pay for it in increased cost to your food, your clothing, and your housing? You can take your choice. One way or the other you are going to pay for those ruts because they do show upon one side of the road and not on the other. There is no question about it.

Senator **Symms**. That's not the argument though that I am confronted with. I think that we ought to raise the highway users' fee. I make no bones about that. I am for it. I think that it's bad that we are letting the road system decline like this and I am on the side of going forward with this. That's why we are having these hearings to help us get more information. The question we have to face is how much can the trucking industry afford to pay because the argument in Congress is that they are not paying their fair share. Whether that's real or imagined, I don't know. I agree with you, it's all a matter of transportation and competition. You run into practical politics somewhere in the middle. If we can come to an agreement, I guess that's what we will try to do and move the thing up.

Did you want to comment, John?

Representative John Sessions. Just in regard to what you say. We have an initiative underway in Idaho to permit a 50-percent property tax exemption for homeowners. If this happens, of course, the burden will be shifted to other operating——

Senator Symms. A 50 percent what?

Representative John Sessions. Exemption. Fifty percent of the assessed market value will be exempt from property taxes. The point that I want to make is that these exemptions would have to be shifted over to utilities, and utilities always get the blame for getting the benefits of tax relief. But it seems like indirectly this is the best way to go with a tax like that. Utilities would certainly have to raise their rates if these property taxes are shifted over to them, and the same applies to what Representative Johnson's saying on the road tax. Maybe they would rather pay it on fuel than directly on the weight and distances taxes for trucks rather than have it reflected in our food costs, which they don't really see, rather than paying a direct tax.

Senator Symms. You see, Jack and I would rather keep the price of potatoes and apples at a reasonable level so that people can afford to eat them.

Senator Jack Bangerter. Right. I think that Representative Sessions would agree with that.

Senator Symms. Idaho ships 25,000 cars of potatoes and 10,000 cars of onions, a lot of that goes by truck, and it's very critical to our State's economy that we keep those people in Los Angeles and everywhere else eating Idaho potatoes. We have got to have a highway to get them down there. In many cases they don't go by rail. In some cases they do, but in many cases they don't.

Representative John Sessions. I just want to make the point that I guess the hidden route is maybe more palatable to the public in general.

Senator Jack Bangerter. Mr. Chairman, one parting shot. We would just indicate that through the efforts of the eight Western States, that we would call upon you in bringing this Service Transportation Assistance Act of 1982 to allow the States the opportunity to do within that State with your permits oversize lengths and weights so that we can do as we have asked in our petition. I think that you will reduce your axle loads and you will increase the volume and the weights going down the road and it will cost you less to do more. We agree on that in the Western States.

Senator Symms. Thank you very much. I appreciate all of your testimony.

We have panel No. 2: Mr. William Hurley, Ms. Linda Waldman, J. J. Hewitt, Bill Ordway, and R. J. Datel. We will change our order just slightly and ask, is it Mr. J. J. Hewitt that has to catch an airplane?

Mr. Hewitt. Mr. Chairman, the chairman of the Highway Commission was going to give a short statement. He is the one that is going to leave but I will go ahead and represent New Mexico with our testimony.

Senator SYMMS. OK. Are you in any pressure?

Mr. HEWITT. No.

Senator SYMMS. Is there anybody in the audience that has an airplane to catch or a transportation problem getting out of town?

Let's hear from Mr. Hurley first from the State of Utah Department of Transportation.

STATEMENT OF WILLIAM D. HURLEY, DIRECTOR, UTAH DEPARTMENT OF TRANSPORTATION

Mr. HURLEY. Senator, my name is William Hurley. I am the director of the Utah Department of Transportation and I will be presenting this testimony on behalf of the department.

Senator, neglect is a harsh word and a serious charge, but it is the only word and the only charge that aptly describes the treatment of our Nation's highway system by the United States during the past decade. One of the partners in the long and traditional Federal-State partnership has faltered and the void is being felt. Our highway system is threatened. Its quality and service are diminishing and a valuable capital asset is being consumed. We are spending asphalt, concrete, and steel because we have been unwilling to raise and spend the dollars needed to protect and maintain our investment.

Figures produced by the U.S. Department of Transportation and the American Association of State Highway and Transportation Officials document the difference between currently available Federal revenue for highway purposes and the estimated needs of our highway systems. The U.S. DOT estimates that at least a 50-percent increase in revenue is needed while AASHTO places the figure at 100-percent increase. The situation in Utah is not untypical of the rest of the Nation.

After 26 years of effort during which every dollar available to us under the interstate program has been put to work we estimate a need of over $600 million to complete the interstate system in our State. At our current apportionment level of $40 million per year, it would take another 15 years without inflation to complete the system. With inflation pushing the needed amount higher each year by more than our apportionment, we can, in fact, never finish the system. The Congressional Budget Office report of June 1982, lists all remaining mileage on the system in Utah as being of national importance and of military importance to the Department of Defense. Our apportionment of interstate funds will have to be doubled if we are to complete the system in this decade.

We have no current estimate of needs on the Federal-aid primary system within our State. All recent attempts to measure these needs have placed the estimated costs so astronomically higher than available revenues that we have given up the attempt to measure needs in the traditional manner and are now engaged in a process to define a plan for a much lower level of development that will, at least, have some possibility of accomplishment.

A bridge program level of about $2 million per year under which we now operate is ridiculous on its face even for a State like Utah.

The Federal-aid secondary and urban programs are also under financed. In the Salt Lake-Ogden urbanized area the 3–C process has identified $400 million in needed improvements by 1995, exclusive of the Interstate System. In the Provo-Orem area the figure is $30 million for the same period. An apportionment of $5.4 million per year falls far short of our needs.

Our State is one of the foremost growth States in the Nation. Over 70 percent of the land area in Utah is federally owned and much of its is located over 25 miles from a paved highway. Energy and defense developments create demands for new roads and increase traffic on existing roads which until recently served only minor and light rural traffic. The hauling of coal and oil, synthetic fuel activities and the construction of electricity generating plants are causing large increases in heavy truck traffic on roads not designed or designed for such use. Our most critical need has been to preserve the surfaces of our highways.

Our State officials have not been lax in or highway needs—in addressing our highway needs. Federal highway user fees have not increased since 1959 but in 1969 our legislature increased fuel taxes from 6 to 7 cents per gallon and made the new revenue available to cities and counties to address their highway needs. In 1978 the State fuel tax was increased another 2 cents per gallon to address inflation and rehabilitation problems. Again in 1981 another increase of 2 cents per gallon was enacted bringing the tax to 11 cents per gallon, and again in 1982 registration fees, truck fees, drivers license fees, and special transportation fees were increased to generate the equivalent of another 1.5 cents per gallon. Because of the impact of mineral development on highway use a sum of $5 million or about 20 percent of the State's share of the Federal mineral lease fees was also appropriated for highway rehabilitation.

Despite the increases in user fees and the appropriation of Federal mineral lease fees we are still unable to keep up with just the wear out of surfaces on our State highway system. With all the effort made by the State to increase revenue, our outlay this year will be less than $20 million for State surfacing contracts or about one-third the total needed just for surface rehabilitation on roads other than the Interstate System.

Since 1978 the increases enacted have increased our revenues by nearly 60 percent. During that same period revenue from Federal fees has actually decreased. We cannot maintain a highway system without Federal assistance on the roads of national importance. We will do our share.but need a vital, fully participating Federal partner as we have had in the past.

We share the belief that the cost of providing and maintaining a Federal-aid highway system should be borne by those who occasion such costs. It has been demonstrated in the Federal Highway Cost Allocation Study that the current structure of highway user fees does not fairly nor equitably allocate costs among the various vehicle classes. The Federal Highway Cost Allocation Study was a comprehensive study of the cost occasioned by 38 vehicle classes. The study appears rational, quite sophisticated and appears to be the best information currently available. Although perfect equity is not attained by the study's recommendations and probably cannot be at a reasonable cost, the study should be adopted and implemented as part of any increase in highway revenues. UDOT supports the AASHTO position on the study methods.

We have not had a great deal of time to analyze the material which was furnished to us but we feel that among the alternatives suggested in the material, alternative 2 should be rejected as it perpetuates the current inequities which cause heavy vehicles to pay less than their fair share of user costs. This alternative also makes no use of the best current knowledge on user costs and charges of the Federal Highway Cost Allocation Study.

Either alternative 1 or alternative 3 is much preferred to alternative 2. The collection of the axle weight tax would be similar to the State vehicle registration fee and it would not be difficult to collect both fees at the same time if the axle weight tax is not related to the distances traveled by the vehicles. It would be feasible for the State to collect the Federal fee and submit the proceeds, less administrative costs, to the Federal Government. The Utah Department of Transportation does not collect the fees in Utah, however, and cannot commit to such a procedure. The State Tax Commission would be the agency to make such a commitment and this would also require legislative concurrence.

We have always opposed the use of taxes imposed upon highway users being used for nonhighway purposes and do have concern over the proposal to use $1 billion from user taxes for transit. We would not oppose a proposition if adequate additional revenues were obtained to increase present highway funding levels by at least 50 percent and the transit use to which the $1 billion would be directed could be shown to have the effect of reducing traffic on the highway systems supported by Federal highway funds.

We would support the elimination of current exemptions. The elimination of the excise tax on inner tubes and on oil, as shown in alternative 3, was recommended in the Highway Cost Allocation Study and the justifications given seem persuasive.

Senator, the need for additional revenue for highway improvements is urgent. Congress should proceed immediately to use the information in the Highway Cost Allocation Study and revise the Federal highway taxing structure. Obviously, there will be differences of opinion over some of the conclusions of the study and these differences will have to be resolved through the political process. The consequences of delay will be more serious than the problems arising from moving ahead with what is available. We urge an early and adequate resolution of this matter.

Senator SYMMS. I want to thank you very much for a very concise and helpful statement. Thank you very much.

Next we want to hear from Ms. Linda Waldman, legislative liasion from the Colorado Department of Highways.

Ms. WALDMAN. Thank you very much. Mr. Kinstlinger, who is the director of the department, could not be here today and I am going to be testifying in his place.

Senator SYMMS. I might just interrupt and say that all of the prepared statements of all of our witnesses today will be included in the record if they choose to summarize so that we will not miss the entire statement.

STATEMENT OF LINDA WALDMAN, LEGISLATIVE LIAISON, COLORADO DEPARTMENT OF HIGHWAYS

Ms. WALDMAN. You have a full statement there and I will give them the copy after I finish if you would like the copy here.

As you and most of the members of the audience are well aware, our Nation's highways are deteriorating at a rate faster than local, State, and Federal revenues can finance needed repair and maintenance. Gas taxes, the predominant source of highway funding, have in recent years provided a stagnant base from which to fund highways needs as this Nation relies more and more on fuel efficient cars and conservation measures. Without further increases in this base, the deterioration of our roads and bridges will accelerate.

Colorado is no exception to this trend. In 1977, 26 percent of all State roads were rated in poor condition; by 1981, that figure had jumped to almost 40 percent. On the interstate system alone, the level of deterioration doubled during that time period from 13 percent to 25 percent. This increase is particularly apparent in areas of Colorado impacted by energy development. The roads and bridges were never designed to accommodate the heavy trucks and drilling equipment that now travel those routes daily. In fact, the Department of Highways is instituting axle weight limits on overweight trucks to try to slow down this deterioration on a system it cannot afford to repair.

Colorado highways are funded from the State Highway Users Tax Fund. The fund right now is comprised of revenues from the State's 9 cent per gallon gas tax, a State gross ton-mile tax, motor vehicle registration, license, and other fees, and also a portion of the auto-related sales tax. Right now the Department receives approximately one-half of the moneys that are in the fund. Local governments and other highway related agencies receive the other half of the money in the HUTF.

In fiscal year 1983, the Department's share of the HUTF is estimated to be $130 million. The bulk of this funding is budgeted for highway maintenance work, including snow and ice removal, patching, sealing, litter control, et cetera. The remaining dollars are used to match Federal funds and for some State resurfacing and repair. Without more revenues, the State will not be able to match all Federal funds by fiscal year 1984 unless it decreases maintenance activities.

The Department estimates that it needs an additional $19 million annually just to bring our State roads back to the 1977 level and an additional $25 million annually to construct several primary projects which have been planned but for which funding has not been available in the past. Bridges and rail-highway crossings have not even been considered in these estimates. Also, Colorado still has $600 million of uncompleted section of the interstate system, including a 12-mile stretch through Glenwood Canyon that is estimated to cost about $300 million.

This year, the Department is planning to recommend to the State legislature a 5-cent-per-gallon increase in the State fuel tax and also a 70-percent increase in the gross ton-mile tax just to meet the aforementioned basic State needs.

We also find your consideration of the Federal cost allocation study particularly interesting because Colorado studied this issue last year.

Our cost allocation study determined that heavy vehicles in Colorado contribute 23 percent to the highway user tax fund while being responsible for 32 percent of the highway user tax fund expenditures. These findings were used last year to try to increase the State gross ton-mile tax and they are also the basis for the proposed 70-percent increase in the gross ton-mile tax that we plan to recommend next year.

In view of our study and the results of the Federal cost allocation study, Colorado strongly supports a funding formula that forces heavier vehicles to pay their fair share of highway costs. In reviewing the allocation options that were in your letter, Alternative 1 most clearly reflects our cost allocation study and although Alternative 3 would also increase the fees on heavier trucks as would Alternative 1, it's our feeling that to triple the diesel fuel tax or more than triple the diesel fuel tax would also exempt cars at this point and also some lighter weight trucks which in our study do pay their fair share. We found that trucks under 40,000 pounds are paying their fair share and it's mainly the trucks over 40,000, 40,000 to 80,000 that were not paying their fair share.

Colorado is also very much concerned about several recent proposals before Congress to change Federal allocation formulas. These proposals would base 4–R and primary formulas on factors less reflective of cost or need and more reflective of population and fuel consumption. Colorado is a large State with a low population density and would be severely penalized by formulas that discount our added costs caused by longer mileage, mountainous terrain, extremes of climate, and also increased energy traffic.

If you have any questions on the testimony, I would be happy to answer them.

Senator SYMMS. Thank you very much. We appreciate your statement. Did I understand you to say that Colorado is concerned about running out of money to meet the Federal matching funds?

Ms. WALDMAN. As it stands right now, by fiscal 1984 if we don't get any type of increase in the State taxes.

Senator SYMMS. What is your rate right now?

Ms. WALDMAN. The rate right now for a gas tax is 9 cents per gallon and we are going to be asking for a 5-cent increase on that 9 cents plus a 70-percent increase in the gross ton-mile tax, which is now eight-tenths of a mill on empty cargo and 2 mills on full cargo.

Senator SYMMS. Thank you very much. Mr. Hewitt?

STATEMENT OF J. J. HEWITT, CHIEF HIGHWAY ADMINISTRATOR, NEW MEXICO HIGHWAY DEPARTMENT

Mr. HEWITT. Senator, I'm J. J. Hewitt. I'm the chief highway administrator for the Department. Mr. Whitlock was going to offer the testimony but he had to leave and he asked me to.

I would also like to express my appreciation for the opportunity to appear before the committee and represent the State of New Mexico.

Highways represent an essential part of New Mexico's economy. Highways move the major portion of goods and people through the State and thereby play an important role in influencing New Mexico's growth. Highways also determine the quality of our growth by influencing land-use patterns. Good highways allow vehicles to move smoothly resulting in reduced fuel consumption and more road user benefits. If highway construction programs are not maintained in the State of New Mexico, all sectors of our State's economy will suffer.

With 12,684 miles of roads and streets or about 16 percent of the total public road network in the State of New Mexico is on the State highway system for construction maintenance. New Mexico's highway maintenance and improvement needs are substantial.

May I say parenthetically contained in the summary of the report a recent survey that we presented to our legislature comparing New Mexico with the other Western States in the WASHTO region. In the case of the total average budget, New Mexico has available for maintenance activities on its highway system approximately $14 per mile per year. That compares with approximately the $40 to $45 range per mile for the average of other Western States. This of course is not—can be attributed to the fact that New Mexico has almost twice as many miles on its State system as the other States. That came about over the years back to the early days of the existence of the State. When it first started we had 4,000 miles on the system and now we have 13,000 since that time. We are seriously looking to reduce that mileage on the State road system because of this. The revenues simply are not sufficient to meet our maintenance needs.

Eleven percent of the State's public road network, about 8,850 miles, is on the Federal-aid system, yet this segment carries about 67 percent of all of the traffic in the State. This accents the vital level of service provided by the Federal-aid system to transportation in New Mexico.

A recently completed 20-year study sets the needs for our Federal-aid system at over $1.9 billion or about 57 percent of the total needs for the entire State highway system. So the Federal-aid system in New Mexico comprises only 11 percent of the public road system, yet carries 67 percent of the travel, and, in order to maintain this level of service, uses up to 57 percent of the State's total highway funding program.

New Mexico serves as a bridge State. About 2,500 heavy trucks cross the border on Interstate 10 between El Paso, Tex., and Las Cruces, N. Mex., every day. I say that's only one of our ports of entry and that's on the south end of I–10. We also have a west end at Lordsburg, we have I–40 at Grants on the west and the San Jon-Tucumcari on the east and on the north at I–25 I think if you multiply that heavy traffic three or four times if you look at the burden on the State system. Twenty percent of passenger car travel on the rural Federal-aid system is by out-of-State vehicles. The philosophy of a national highway system which recognizes that each State is not a separate unit in itself but that its needs ties with and provides links to the rest of the United States, supported by a Federal Trust Fund, is therefore most appropriate as far as we are concerned. We support an increase in Federal gasoline tax to better enable the established Trust Fund to meet existing needs.

Our State legislature has maintained a continuing interest in the appropriate allocation of highway costs to the various road user classes through the enactment of tax legislation. The latest related information is provided to legislators as it becomes available in order to promote the fair and equitable distribution of highway costs among the road users. We support this ongoing process which analyzes the results of studies made throughout the country and produces a tax structure which is appropriate and applicable.

Several alternatives have been proposed to change the structure of Federal highway user fees, including the findings of the Federal highway cost allocation study. It appears that the alternative using Federal highway cost allocation study methods, a differential between the gas and diesel fuel tax, and an axle weight tax based on graduated scales for single and tandem axles, has the best potential for providing an equitable allocation of highway costs among the users. However, as mentioned in the Federal highway cost allocation study, the method selected, whatever it might be, should be subjected to continuous monitoring and changes made as required.

Senator, that's a very brief summation of our report that you have an expanded version of it.

Senator **Symms**. Did you say what your tax is?

Mr. **Hewitt**. Ten cents.

Senator **Symms**. Ten cents on gas and diesel?

Mr. **Hewitt**. That's on gas. The diesel is the same at this point. The legislature in 1979 passed a bill that would increase the tax 1 cent a year for 4 years, so we would top off next year at 11 cents.

Senator **Symms**. I see.

Mr. **Hewitt**. That would be at the end of our present legislative term.

Senator **Symms**. How about the weight tax on trucks?

Mr. **Hewitt**. We do have a weight/distance tax. It has really helped us out in our road fund revenues. I can't cite you the figures but it has shown increases in our revenues the past year particularly. It has sort of held up the declining gasoline tax revenues.

Senator **Symms**. Mr. Bill Ordway from Arizona.

STATEMENT OF WILLIAM A. ORDWAY, DIRECTOR, ARIZONA DEPARTMENT OF TRANSPORTATION

Mr. **Ordway**. Thank you, Senator. I appreciate being here. Like others have done I will simply give you a brief summary of my statement. In fact I'm going to proceed along the lines that was suggested by Jean Schrag.[1] She mentioned starting out with road conditions and then the factors causing those conditions. Conditions range from good to poor and it's a matter of degree within States. I remind Idaho that while Arizona standards may be different in the lower half, the entire northern half of our State is under snow and we have some of the same conditions. The factors causing it as far as we are concerned in Arizona are the lack of money we have been able to put into preservation and much more traffic, particularly on the major highways, and a large part of that traffic mix being the heavy trucks.

As far as the next item, the needs and revenues we are woefully inadequate both State and Federal. In Arizona, as in a number of other States, we have recently done something about the State portion. We have roughly doubled our revenue. We are a small State of two million people and yet for the next 10 years we have raised our revenues roughly $2 billion, which I think is indicative of the willingness of the State to make some effort in this direction.

---

[1] Jean Schrag, professional staff member, Committee on Environment and Public Works.

This has insured that in Arizona we will be able to do a good job of preservation. This coming year we will be spending up to $50 million on preservation, including 4–R money. It insures that our system, other than interstate, is going to be well preserved. It does not give us much new construction at all except in the urban areas. It does give us a minimal amount of new construction with State dollars. Half of our Federal dollars at the primary and secondary level now go into preservation, so construction on the Federal side, except for interstate, is very, very minimal, the dollars aren't there.

We believe that it's time for the Federal Government, as has been expressed here several times, to do the same thing, to bite the bullet. You've said that you agree with that.

There have been a lot of ideas proposed. Bill Hurley mentioned the AASHTO program of the 1980's. We think that that's a fine program because it consolidates categories, spells out the needs, spells out the revenue, and prioritizes the categories with a prime focus on the interstate. We believe that AASHTO program is a good program.

On the other side of the scale is Governor Babbitt's proposal. Our Governor feels that the focus should be entirely on the interstate, 4–R and completion. There should be no increase in taxes. And that that entire $7½ billion should be put into a very aggressive interstate completion program, a very aggressive interstate for our program. It's his belief that the States should pick up the rest of the program, the primary, you name it, right on down the line.

Speaking only for Arizona, I think we would be willing to do just that, and we realize that that might be far more difficult for other States.

A possible compromise between the AASHTO position, which looks at the needs and totality and the Governor Babbitt position has been mentioned by Mr. Gerter. Basically, it would boil down to this: revenues would be raised to the Federal level along the lines proposed by the Reagan administration and then over some sort of transition period the programs would be returned to the States. We would propose going further than what we have seen so far as proposed by the administration and NGA. We would put everything back to the States except the interstate, the interstate 4–R and what I would call a rationalized primary system. Roughly one-third of the current primary system, in our view, really is truly a national system, the rest of it is not, it's more intrastate in character. We would propose that everything except the national primary system and the interstate would be put back to the State with sufficient funds to maintain current level of effort. Now, that's not enough to meet needs as a transportation professional would see it by a long shot, but it would mean roughly $3½ to $4 billion back a year.

Senator Symms. On that primary system that you put back to the States, there is a section of primary road out there at the airbase by Tucson, what's the name of that airbase?

Mr. Ordway. Cobe Road, is that what you're talking about, across the priority primary?

Senator Symms. What's the name of the airbase?

Mr. Ordway. Davis-Monthan.

Senator Symms. Yes. Well, are you saying that the State could handle that? You don't want that off the priority primary list, do you?

Mr. **Ordway**. I can't speak for Tucson. I am sure that they want it on the primary priority list. Governor Babbitt's position is that we will take it all back. Right now we will probably be bonding some of Cobe Road with State money as well as putting in priority primary money if it becomes available. There will probably be some local money that will go into that too.

Senator **Symms**. Senator Goldwater sits right behind me on the Senate floor and about every 2 weeks he asks me how I am doing on getting that road built in Tucson.

Mr. **Ordway**. He is also getting a lot of pressure from the Tucson people. Of course, if that happens that will be fine, but I thought those two positions would be of interest.

Senator **Symms**. I'm interested in this.

You will probably get a phone call from the two Arizona Senators next week.

Mr. **Ordway**. I think that they are aware of Governor Babbitt's position. The compromise position would not alter what they are trying to do because it would still put money back to the States. The advantage, as we see it, of this compromise is that if the Federal Government raises an equivalent of 5 cents or 3 cents, or whatever it's going to be, putting that back to the States and letting the States substitute for Federal at the gas pump is probably going to make it a lot easier on the legislators which have already gone through some very traumatic experiences. We have done that in Arizona and it was a very, very difficult experience, and I am sure that the other States have done the same thing.

By the way, that recent bill raises our tax from 8 cents to 13 cents over a 2-year period. It's now 10. It will be 12 next year and 13 the following year. It also raises the trucking taxes significantly. The trucking industry as a whole now pays 53 percent of the revenues that come into Arizona.

I'd like to talk next about allocation among classes, which was another thing mentioned. I will talk briefly about the Arizona experience because we have just gone to new methods of allocation. There are a lot of methodologies. They are difficult and complex. Our studies would indicate that this is going to have to settle somewhere in the range of between 40 and 70 percent. The paper said 60, actually if you do nothing but preservation you can even go as high as 70. Ours falls at about 53 percent. It was sort of a ton-mile equity between passenger cars and trucks. It will be up for a lot of discussion this coming time. It hits the heavy truckers pretty hard.

It was the feeling of our legislators, that the trucks weren't paying their fair share. We eliminated the gross receipts tax and went to a weight/distance tax. Above 26,000 pounds are the trucks that go to the weight/distance and below that their fees are increased on just straight weight. It goes up to 8 cents per ton-mile for the 80,000-pound rigs. The heavy trucks above 70 are the ones that get hit the hardest. The lighter trucks can actually come out slightly lower than the old gross receipts tax. It was felt that the lighter trucks were getting hit too hard.

Private carriers had not been hit at all previously, and they are now being taxed where they were not before. Deregulation occurred at the same time so that the truckers are not only dealing with higher rates but dealing with deregulation as well as tough economic conditions. And it is difficult. Independent truckers have threatened to blockade. It was tried, about 10 trucks showed up and it failed within an hour. They said that they would bypass Arizona and that has not occurred. There is about a 3-percent increase in trucking going across Arizona.

It's too early for us to assess the administrative problems on weight/distance tax. We are just getting into it. We are confident that we can do it and do it properly. The cost increase and the percent of wholesale price attributable to weight distance happens to be less than a half of 1 percent. It's attributable only to the weight distance tax. It so happens that Idaho potatoes were mentioned in there as one possibility.

Senator SYMMS. I noticed that.

Mr. ORDWAY. So the Federal study, as we see it, recommends somewhere in the range of 42 percent. Arizona has come out about 53 percent. We see other studies in Oregon at 45, I think; Wisconsin, I think, comes out at 56. It's our view that it's got to wind up in that range and that's not going to be a technical decision. It's going to be a political decision, as you say.

So our view is that we definitely recommend that vehicle size and weight be accorded greater importance as you reach your decision and that equity is important.

Finally, in changing the structure of the highway fees in descending order of desirability, or as well as difficulty in enforcement, axle weight/distance would be ideal. We have gone to weight/distance and that probably falls next. It will be a lot tougher to administer than what we are now doing. In ton-mile it probably will be in the same category, really it's about the same thing. Gross weight is very straightforward and simple. We don't favor diesel gas differential because we think that that would impact unfavorably on the lighter diesel trucks. We are not sure that excise taxes are the best tax indicator for equity.

That's about where we are. I would mention in closing that AASHTO has a task force looking at the Federal study and hopes to come up with a specific recommendation on methodology of allocations somewhere around January. Thank you.

Senator SYMMS. Thank you very much. I appreciate your statement. We will study that. It's a little different point of view than we have been hearing from other States.

Mr. Datel.

STATEMENT OF ROBERT DATEL, CHIEF, OFFICE OF PLANNING AND DESIGN, CALIFORNIA DEPARTMENT OF TRANSPORTATION

Mr. DATEL. Senator, I too will brief my paper. My name is Bob Datel and I am representing the California Department of Transportation, I will be repetitive to some extent, but it will be very brief, I think.

On the condition of the Federal-aid highway system, we too have roads and bridges that are wearing out, like all the other States. Our highest highway program priority has been for the past 8 years the maintenance, reconstruction, and rehabilitation of the existing system. In 1981 over a $1 billion need was estimated for just rehabilitating roads and streets on the existing highway system in California.

Our major concern with the condition of the system relates to the truck weight standards. We are very concerned that they are not being—without a very close look any additional weight allowances on trucks. In our judgment, in California, the major impact on the deterioration of roads and streets is the heavy loads of the truck area. As far as the need of the Federal-aid system to existing—compared with existing revenues, our current policies and the recent increases in our State gas tax will be increased from 7 to 9 cents effective January 1, 1983, and we have weight increases up to about 60 percent that have been effected in the last year or so. These will see us through in the near future, and I stress the near future, in the long-range future certainly there will be additional needs for revenues.

Today our concern is more concern about greater flexibility for using present Federal-aid revenues, and of course, for any future increases to the Federal funding. We are looking for more flexibility.

As far as user cost allocations are concerned, on a very brief analysis of the highest cost allocation study, we are generally supportive of it. One slight area of disagreement is the decision not to evaluate the weight/distance or ton-mile approach. We did not use this in California, but it seems like it could be an equitable approach and maybe something that should be looked at.

We did also note in that study the possible increase in user charges for buses which have now been an exempt class. We want to study this further. Our initial reaction is we are concerned by placing an additional burden on the transit operators or users at this particular point in time.

Regarding proposals to restructure the existing highway user fees, again, talking really about reallocation, greater flexibility in Federal funding for highways in transit is what we would strive for. More program responsibility and a greater share of the highway trust fund revenues returned to the States are some of the points that Bill Ordway made and his Governor made. They reveal quite like that that if the dollars and the programs were in effect delegated or turned back to the State, that we in California, at least, would have more flexibility in dealing with our particular unique transportation problems working with the local agencies, the cities, and the counties.

One point that I think has not been made by any of the other people today is the interstate transfer program now is funded—the transit improvements are now funded from the general fund. We would like to consider that from the interstate trust fund on the basis that it gets very difficult and the uncertainty of general funding has been raising havoc with our one interstate transfer project in California. If this were to come from the trust fund it would certainly be more able to implement transportation alternatives.

Today our major concern is a point that was made by one of the other speakers, I think from Idaho, and it is our real major concern, and again it refers somewhat to flexibility but only indirectly to your agenda. I am referring to the current House legislation which would require new construction standards for 3–R projects. The imposition of standards appropriate for new construction is not a cost-effective way to resurface, rehabilitate, and restore older highways. If nationwide new construction standards for 3–R projects are established the following consequences will result: Ineffective use of highways funds; reduction in miles of highways rehabilitated, which is our No. 1 byword; and low priority safety needs will be funded ahead of high priority needs, resulting in lower overall safety benefits.

I want to emphasize this point. We think that the highway user will be the loser if Congress imposes upon us the new construction standards for the 3–R projects. As you know, FHWA effective on July 12, 1982, by their regulations allow individual States to develop suitable guidelines for 3–R projects. We support this approach and we are working toward that end.

Another point of interest to us is the need to take a look at the federally primary apportionment formula. We think that the present one is out of date. It has factors that really represent two-thirds rural, one-third urban, numerical split. We recommend that rural factors such as area and rural population only be considered in the factors such as intercity mail and rural delivery mile factors be eliminated and numerical split be more closely 50/50. This is because most of the travels in the urban areas in our State, most of the needs are in the urban areas. More urban roads are congested than rural roads. There is a higher cost of rural roads and I am talking about the primary system.

The last point that I want to make is that there is some talk about modifying the Highway Beautification Act. We would like to see action deferred on this until next year because we think that it's a very complex subject and needs some time for resolution.

That completes my testimony, Senator.

Senator **Symms**. Thank you very much. How feasible would it be for States to aid in the collection or participate in the collection of Federal user fees such as the heavy vehicle use fee? Would that be impossible, feasible, unworkable? Does anyone care to comment on that?

Mr. **Ordway**. I think that it would be impossible, depending upon the system at the Federal level. Les Lamm, at our meeting at WASHTO, proposed the possibility of administrative expenses being picked up federally if we were to collect, but I think that you would need some kind of uniform system for that to be a fact.

Ms. **Waldman**. Colorado would also feel that way. If the Federal system is based on the type of system that we have, then it would be very simple for us to also collect some type of gross ton-mile tax. If the Federal system would be totally different than ours, I think the time involved, the cost and the complications of trying to collect two totally different taxes would be very costly to the State of Colorado.

Senator **Symms**. Anybody else care to add anything to that? You made the comment about the Highway Beautification Act, what you are saying is that you would prefer that we do nothing about it and make no reference to it?

Mr. **Datel**. During this year, that's our preference.

Senator **Symms**. Do all of you share that point of view?

Mr. **Hewitt**. Not necessarily, Senator. I think there are some things in the Beautification Act that certainly are cost prohibitive and getting to be more so every day. The billboard situation in New Mexico has caused us considerable grief over the years from outdoor advertising groups. Our attempts to carry out the intent of the Highway Beautification Act and removal caused several conflicts with State law on this matter.

Senator SYMMS. How does your State view the question of compensation?

Mr. HEWITT. So far, they have refused to fund that through the highway program. There has been no attempt to budget for the cost of compensating those compensable signs under the law. There are so many of them that were put up after the law was enacted on temporary permits that now we are in a situation where the cost of removing those signs is so high. Our legislature takes a dim view of funding anything to the Highway Department except for highway construction and maintenance. I think that they see some conflicts with the Federal law and there is some hope there that there will be some Federal legislation which will reduce or take away some of the problems that we have today. We also have some problems with environmental considerations.

Senator SYMMS. Are State highway departments putting up advertising signs? Is that typical of most of the Western States?

Mr. HEWITT. We furnish the frame and the vendor or the business owners furnish the panels and we maintain them.

Senator SYMMS. Is that quite a revenue raiser for the highway department?

Mr. HEWITT. As far as I'm concerned it doesn't raise any revenue for us. It's just providing an advertising medium for overnight lodging, food.

Senator SYMMS. People aren't paying to put up their sign like McDonald's?

Mr. HEWITT. They simply furnish the panel.

Senator SYMMS. I have been under the impression that wasn't true in all States, maybe I'm mistaken.

Mr. ORDWAY. We are not doing it in Arizona.

Senator SYMMS. Do you in Colorado?

Ms. WALDMAN. There was a lot of talk about it a couple of weeks ago, and I believe that the department was going to go through with it, but I'm not sure. I really couldn't answer that.

Senator SYMMS. How about California?

Mr. DATEL. It's on an experimental basis.

Senator SYMMS. Do any of you have anything else that you want to add? I will ask staff if they have any other questions. This on-the-ball staff wants me to get all of the information possible.

Are the current pavement thickness guidelines adequate for current traffic volumes and weights. We talked some about flexibility and you mentioned the 3-R program and the 3-C program.

Mr. DATEL. Current thickness?

Senator SYMMS. Guidelines. Are they adequate for the current traffic volumes and weights?

Mr. DATEL. The concern that I was expressing was widths, basically. With the thickness we have a great deal of latitude in our State to develop thicknesses that are needed, and it's based on our history and research of pavement weights. There is no problem from our point of view in California on the thickness problem. It's the width problem that we have problems with.

Mr. **Hewitt.** We use the AASHTO designed standards and I think that we have in some instances in our bridge design gone to H25 loading because of some of the heavy oilfield and really extremely heavy loads across the bridges. The pavement structure under our design criteria right now, as you know, we have an 86–4 gross that we grandfathered in New Mexico. With our axle loading being the same our AASHTO designed standards seem to fit whatever problems that we have with pavement thickness.

Mr. **Ordway.** And there is a lot of flexibility.

Mr. **Hewitt.** There is flexibility.

Senator **Symms.** Thank you very much. We appreciate your testimony. We will stand in recess until 1:30 and then we will start with panel No. 3.

AFTER RECESS

Senator **Symms.** The subcommittee will resume our hearing. When we recessed this morning we were ready for panel No. 3. That's Mr. Wes Christensen from Bingham County, Idaho, representing NACo; Tom Loertscher, from Bonneville County, Idaho, representing the Idaho Association of Counties, and also Tom Jenkins, from Orange County representing the Orange County Transportation Commission. Gentlemen, if you would all please come up.

I had the opportunity to visit Orange County last year and it was quite an experience for me to see the problems that they have with all that traffic going through on that one road.

We will hear from Tom Jenkins first.

STATEMENT OF THOMAS L. JENKINS, EXECUTIVE DIRECTOR, ORANGE COUNTY TRANSPORTATION COMMISSION

Mr. **Jenkins.** Mr. Clark sends his apologies for not being able to come today. Mr. Chairman, I am Tom Jenkins, executive director of the Orange County Transportation Commission. Our commission is responsible for programing Federal and State funds for transportation projects in Orange County, and I am very pleased to take part in your series of field hearings on Federal highway needs.

I would just like to preface my remarks with a little bit of background of Orange County since you visited there last summer. We are located on the southern California coast between Los Angeles and San Diego. It's the home of Disneyland and other attractions. It is an area which has experienced tremendous population growth over the past 30 years. We've changed from an agricultural community to a major urban center, from a bedroom community of Los Angeles to a major job center, from a sparsely settled suburban environment to an area with densities which we are now looking at some consideration of rail transit to solve some of our difficulties.

Additional growth in population and employment is projected for the future. Over the next 10 years, we expect another one-half million people to migrate to our county, bringing the population to over 2.5 million. Right now, we are the sixth largest county in the Nation and we have currently almost 1 million jobs in our county. Some of the people are losing their jobs, but the jobs are still there. Our planning for the future obviously includes identification of a multibillion dollar need over the next 20 years. Clearly, the transportation needs of this magnitude can only be met through a commitment of Federal, State, and local funds.

This is a little bit of a backdrop and I would like to comment on how we view the Federal role and responsibility for the highway system.

Let me begin by recognizing the problem that you are up against. It is clear that the highway trust fund is severely underfunded. With the existing revenue stream it simply cannot be expected to meet all the objectives which the fund has assumed. As you know, right now the expenditures are going up faster than the revenue is coming in. It cannot support a continuation of the current program without huge tax increases. To resolve this dilemma, Congress will have to choose between two distinct approaches: Whether to increase revenues, or whether to pare down the Federal highway program through restructuring. Practically speaking, and politically we are going to have to do a little bit of both to make it palatable.

From the aspect of Federal revenues, the Orange County Transportation Commission has adopted a position in support of the proposal put forth by Secretary Lewis to increase the Federal highway user taxes by an amount equivalent to an additional 5 cents per gallon in Federal gas tax or somewhere in the order of $5 to $6 billion annually. We also support the use of approximately 1 cent of this increase for transit needs.

I will abbreviate this a little in order to meet your timeframe. Our commission has also consistently supported State and Federal efforts to assess truck fees on the basis of their laden weight and distance traveled, and you have heard considerable testimony this morning related to the miles or some type of weight/distance tax. We do not have that in California at the present time.

Although efforts in California to enact this kind of ton-mile tax have repeatedly been defeated, there appears to be a coalition of interest groups coming up this next legislative session which will promote this. One of the difficulties will be this last year the truck weight fees in California were increased by 60 percent across the board. This was part of the comprehensive transportation finance package that included a 2-cent-per-gallon increase in the State gas tax, which goes into effect in January. Mr. Datel mentioned that this morning up to 9 cents a gallon. I should also note that if you are aware it's different from other States and that is that the 9-cents-per-gallon tax only half of that goes to the State highway system and the other half goes back to the cities and the counties for use on local streets and roads. So what's going into the Federal-aid system in the State's highway system is only half the amount. All of the truck weight fees will now be dedicated in California to the State highway system. Previously, they were taken to support such activities as the California Highway Patrol and the Department of Motor Vehicles and the Air Resources Board, which were not necessarily their fondest friends in the trucking industry.

In relation to program reform, there can be no doubt that the greatest Federal interest should be and has been in the Federal-aid interstate program system. The priority has been given to that system since its inception and is a legitimate one. I think that there are probably two reasons to probably change the emphasis. First, the interstate cost estimate for the interstate system has grown beyond anyone's expectations and beyond what we can readily afford. We believe that the interstate cost-to-complete should be trimmed further and the projects to be completed should be evaluated even more critically as to their national and local importance. I usually get a little problem because of our favorite project in southern California being the Century Freeway. I will not say whether I do or do not support that project, but it is obviously, as identified by the CBO report, it states of local significance and it may be for local traffic and that's probably true. I think that the point will be at the Federal level how you view some of those projects, Westway in New York, the Washington, D.C., projects elsewhere. I think that the CBO report did a reasonably good job of a classification system there.

Senator **Symms**. There is a fellow that lives down there who is at the White House now named Reagan, he made some campaign commitments to, I think it was——

Mr. **Jenkins**. The Century Freeway, I think, was a very popular project.

Senator **Symms**. He was still trying to build it as Governor and stopped after he left and he still wants to do it.

Mr. **Jenkins**. That's 1979 dollars that they were using in that report. It's now approaching $2½ to $3 billion as the estimated project cost and completion somewhere in 1995. They have yet to start it. It is a big project and I am not sure how that one will be resolved, but it's a great deal of money over a great period of time.

Senator **Symms**. It's a clear example of what happens when a program that's on line to get built gets delayed, for whatever reason.

Mr. **Jenkins**. That's correct. It was held up for 15 years.

Senator **Symms**. And all of the expenses that were incurred, the property that has been bought and the people who have been dislocated, it's incredible.

Mr. **Jenkins**. It's the biggest housing project in the country, I think, related to that one also. You know, it is for 18 miles for $2½ billion that's a considerable investment.

The first point is some reevaluation has to be done critically of closing the gaps, whatever is required there.

Second, we believe the focus of the national highway program over the next few years should shift from the completion of the interstate system to the interstate for our program. Obviously, in Orange County with two major interstates, Interstate 5, which you visited last summer, which is falling apart quite rapidly, we are quite interested in the 4-R program amendments to the legislation which would make that project eligible, and it also approved this year a design by the California Transportation Commission to enter that project and project development for reconstruction and widen it. We believe that it's in the national interest to maintain the interstate system in a good condition and to maintain the Federal participation rate at 90 percent.

To keep some of my locals happy, we are on line as also supporting the Federal-aid urban program and maintaining that same level. It is important to connections with the interstate and primary system and I know that there is some varying views on how the Federal-aid urban program is done and it is a compliment to the Federal-aid secondary program in the rural portions of the States.

The primary program, we feel that that, again, is a backbone of the system second only to the Federal-aid interstate and should be kept in the program. I think that there may need to be some looking at the formula, as Mr. Datel had mentioned earlier, on the primary system. It is historically a farm to market system, that's how it was designed, and I think it is—again, had some of the same problems as the interstate system in how it's been defined as having some of the routes within the urban areas are probably more of local use than the Federal or national uses.

At the State and local revenue level, we are locally looking at ways of new funding sources, and I might say one of the problems that we have in asking our local people to vote for new taxes, we are looking at local gas tax, sales tax, parking taxes, employer tax, development fees, maybe even toll roads, and we do expect to put something to the voters in 1984.

I might say that one of the problems that we have locally is that without a good definition of both Federal and State policies as to how much revenues we can expect it's hard to ask me as a voter and my county how much should we put in. I think that's why there needs to be a better direction and truly a multiyear program. I know that we have the 1-year stop gap measures but I think that we all support a multiyear commitment with something that we can anticipate revenues and then we know what the shortfall is and we can design a program around that.

One of your questions which I did not address in the testimony related to the allocation of highway costs among the various users. This is a very complex question, especially in urban areas. I have heard a lot of discussion this morning, you know. In the urban areas where the automobile users and the general public receive most of the benefits of the highway system, for example, personal automobile use accounts for approximately 80 percent of the vehicle miles traveled on the urban interstate system as a national average, and that's the Federal Highway Administration statistics. It is about 60 percent on the rural interstate portions. Obviously, individual truck loadings are substantially more than individual automobile loadings. I'm a civil engineer and approved to work with the California Division of Highways and the Kansas Highway Commission and I understand somewhat about the design of the facilities. In pavement design, it's not only the weight of the trucks but the wheel load repetitions that are put on there and so it's the amount of traffic as well as the wheel loads that are a consideration.

Currently, trucks contribute about 49 percent of the revenues of the Highway Trust Fund, at least the numbers that I have seen. This ratio to me, I guess, does not seem unreasonable, looking at some of the data that's available. But we haven't had the opportunity to go into detail on the Department of Transportation's Highway Cost Allocation Study. But I don't see, I guess, personally, any reason to radically change the percentage of trucks' contribution.

Senator Symms. As was in the Cost Allocation Study?

Mr. Jenkins. Yes. Right now, just looking at the data that I have available, 49 percent of the revenues from the Highway Trust Fund now comes from trucks, and looking at all of the data there was some 53 percent this morning and it varies within that study, that ratio does not seem unreasonable.

Senator SYMMS. What is presently being done doesn't seem unreasonable to you?

Mr. JENKINS. Right. At least the percentage of contribution.

Senator SYMMS. Well, our proposition 1 and 3 will increase the truck portion somewhat, do you disagree with that change, or is that what you say you are agreeing to?

Mr. JENKINS. Well, I think that No. 1 looked more reasonable, I think.

Senator SYMMS. What's that?

Mr. JENKINS. The alternative 1, I think, gets about $12.7 billion total. I don't know what the percentage breaks down for that.

Senator SYMMS. It makes a little more for the heavy trucks and a little less for the light trucks is what it amounts to.

Mr. JENKINS. Right offhand it doesn't look like it would change the percentage greatly, maybe it's 51 or 52 or 53 percent that the trucks would contribute, so looking at alternative 1, from an urban area, it seems more reasonable. The one thing in an urban area that we are so dependent on, commodities being delivered to us, as was talked about this morning. We need the trucks. We don't want to penalize that kind of commodity movement.

Senator SYMMS. Right.

Mr. JENKINS. In Orange County we have less than a day's supply of food stored in the county, in the big warehouses. It's just moved in and out constantly and all by truck. There is not even 1 gallon of milk in the county. It's all produced outside of the county now in the more rural counties in the area, so we are totally dependent on those types of things.

Senator SYMMS. Thank you very much, Tom.

Wes, you are next.

STATEMENT OF WESLEY CHRISTENSEN, CHAIRMAN, BINGHAM COUNTY COMMISSION

Mr. CHRISTENSEN. Mr. Chairman and staff members, I commend you for seeking local government's input on proposed Federal highway legislation. It is a pleasure for me to appear and give testimony concerning our—the national association's—interest in your work.

My testimony this afternoon will center around four issues: truck size, increased user taxes, New Federalism, and the design standards. I might say that my name is Wesley Christensen, I am chairman of the Bingham County Commission and I am also a member of the Naco Transportation Steering Committee. My comments probably serve in some part as an average problem that fits a lot of rural counties today.

I will speak of my own county for a moment. Bingham County is in the southeastern part of Idaho and has nearly 1,200 miles of roads, approximately 25 percent or as much mileage as the State of Idaho highway system. We maintain also 200 bridges and the number is about the same for small structures. Basic economy of our county is agriculture with a heavy reliance on the rural transportation system. The majority of all of our roads are off system, with only one-third of them being paved. Extreme weather conditions take a heavy toll on our system. We are very good custodians of the Federal-aid to secondary road funds in our county and we have extreme limited funds to maintain our whole system. Therefore, we urge you to continue the secondary road fund program.

I might point out that no interstate system can be complete without a good county system or it serves as a collection and a delivery system for the interstate.

I am concerned about proposals which will increase costs in transporting goods to market, especially where we are an agricultural county. If those costs will be borne mainly by the agricultural community, it can create a problem to us. Those proposals which affect all allocation of costs among the various users should be carefully scrutinized to assure that no segment of the national community pays an inequitable share. Since the trucking industry is a basic element to the success of our agricultural community, we believe no unnecessary additional costs or regulations should be borne by them.

I support elimination of several excise taxes and an increase in fuel taxes. A tire and a battery may be damaged beyond reclamation long before its useful life, but a gallon of fuel is nearly always used and each user purchases fuel in direct proportion to the travel on the highway system.

I might point out that this is an issue that our National Transportation Committee hasn't talked on.

The excise taxes have served no real useful purpose other than providing additional moneys for the transportation system but adds a burden to the already troubled industry. I support Federal fuel taxes since they are evenly applied while some State differences encourage penny conscious border dwellers to regularly do business in neighboring States causing a loss of revenues in many cases.

The fairest taxes would be those reasonably attached in some way to usage of the highway system which is best measured by the fuel consumption or ton miles of travel.

We want the Federal Government to have greater confidence in the ability of local governments to manage local affairs. A case in point is the distribution of secondary road funds and off system bridge funds. In our case the 15 percent minimum use of bridge replacement funds for off system bridges has become the maximum allocation in our State routes. The State highway department has distributed information that shows that over 50 percent of the bridge problems are on locally administered systems.

It is our belief that no road is good without an adequate bridge; therefore, we place a high priority on all bridge funding. We want the legislation to direct a more equitable portion of the funds for use by local government.

Mr. CHRISTENSEN. You might note, Senator, if you will look at the resolutions at the end of my statement, that your home county, Canyon, has the most critical bridges in the State of Idaho per county, which would be 77, and the need for $12,950,000 for bridge replacement.

Senator SYMMS. The State of Idaho has 104 million dollars' worth of deficient bridges?

Mr. CHRISTENSEN. This was the bridge instruction program funded by the Federal Government and the State of Idaho.

Senator **Symms**. Who made that study?

Mr. **Christensen**. The Idaho Transportation Department's engineers made that study. If you will read at the bottom the figure for total replacement costs for all of the counties is $115,325,000, where for the State of Idaho through the same special program they would need $104 million.

Senator **Symms**. That's a lot of money, isn't it?

Mr. **Christensen**. This proves that the 15- to 35-percent ratio that Congress has passed is not an equitable division of the moneys.

Senator **Symms**. Which formula now?

Mr. **Christensen**. The off system bridge program mandates that 15 percent of that money be returned to the county governments with the maximum of 35 percent, and what I'm saying is the largest portion of that money is staying with the State and the percentages probably showed that the State is using that to improve their bridge project.

Senator **Symms**. So what you're saying is that that formula ought to be changed to show that the county gets more of that money?

Mr. **Christensen**. That's true. I recognize that no one wants to increase taxes, but I strongly believe that good maintenance of all roads reduces user costs in a greater proportion than low taxes and poor maintenance on the part of the system. The Interstate and State routes need to be maintained to a high level, but allowing chuckholes and break up and poor maintenance on the local system through lack of funding will still result in a high user cost. The provision of adequate funding for maintenance and 3–R work will pay for itself—3–A work and 4–R work will pay for itself several times in savings to users.

I submit with my testimony the written resolution of the NACO Transportation Committee and wholeheartedly endorse them and ask that you give them serious careful consideration and implement them in your legislation.

May I say that the buck stops at the county government level. I thank you very much.

Senator **Symms**. Well, that's true. I thank you very much and you certainly have my undying respect and admiration for those of you who serve your constituents at the county level because I think that's really where most of the government is actually performed, services for people and it's certainly a difficult task that you have.

Would it be safe to say that this probably would be true of many, many rural States in the country regarding bridges?

Mr. **Christensen**. Our feelings are that local problems have been overlooked and our road and bridge department is probably in a very serious shape.

Senator **Symms**. OK. Thank you.

Mr. **Christensen**. It's pretty general though.

Senator **Symms**. You think that it's pretty general in all States.

Thank you very much, Wes. Tom, we would be happy to hear from you now.

STATEMENT OF TOM LOERTSCHER, COMMISSIONER, BONNEVILLE COUNTY, IDAHO

Mr. **Loertscher**. Senator Symms and ladies and gentlemen, I appreciate the opportunity of being here today to address you and testify here.

Senator Symms. Do you have a prepared statement?

Mr. Loertscher. No; I do not.

Senator Symms. OK.

Mr. Loertscher. I have enjoyed the rare distinction of having been part of a historical event that occurred a week ago much in the same light as a historical event that occurred several years ago when the church was separated from the State in Idaho. That rare distinction is living and not only being a Bonneville county commissioner and representing the Association of Counties in Idaho but also of living in the community of Bone. There is some clamor about Bone being joined to the rest of the world by having a phone service.

Senator Symms. That's right, telephone service. I was going to move to Bone until I found out that you got a phone.

Mr. Loertscher. My comment to that would be that you have the option of having the darn thing ripped off the wall anytime that you desire.

We are glad that we came into the 20th century as far as communications are concerned and hope that at some time in the future the community of Bone, Idaho, will join the rest of the world in the highways as well. Our transportation facility which links us to the rest of the world is not in the best condition.

Senator Symms. Which way is Bone from Idaho Falls?

Mr. Loertscher. It's southeast of Idaho Falls approximately 20 miles. Noting this morning that you very much enjoy the sport of snowmobiling, I would invite you to come and enjoy that in the coming winter at my invitation. I would be glad to take you and show you some of the best snowmobiling in the world.

Senator Symms. I thank you for that. I may just take you up on that, and not go back to Yellowstone Park.

Mr. Loertscher. I would be glad to have you. There is a lot of space and a lot of territory and beautiful things to see there.

As you are well aware, Senator, we have, in the State of Idaho, a tax limitation initiative that was passed by the people in 1978. As a result of that, local governments' ability to cope with highway expenses has been much curtailed. All of the user fees that have been generated throughout the years in the State of Idaho have never been adequate to fund the highway program on the local level. Therefore, they have been subsidized by the property taxes. Through the initiative that was instigated in 1969 and passed by the people much of that subsidizing had to come short of the actual needs of the counties. For instance, in 1978 road asphalt was at approximately $110 a ton delivered into my particular county. In the ensuing year, the price of that asphalt had virtually doubled and that coupled with the freezing of taxes that was mandated by the people has placed us in a situation of not being able to maintain our local roads adequately even with subsidizing through the property taxes.

I'm sure that the Idaho Association of Counties is behind the legislation to increase the revenues that can come down to the local entities through the Federal system. We would particularly encourage the implementation of this project through a direct aid to the counties that we, by far, are the most efficient level of government and have been able to cope with these problems like Commissioner Christensen has indicated, the buck always stops at the county level. We have nowhere else to turn. The people know who to get after, and they do. We have been very efficient in the operation of our road and bridge systems throughout the State of Idaho.

The possibility of funding these things through overrides which are legalized by the initiative passed in Idaho makes it impossible, as Ada County just recently tried to get an override of property taxes, further subsidized highways and was very soundly defeated. We do welcome that and look forward to a partnership with the Federal Government through some authorization that we can come up with the matching money to implement Federal-aid projects. Thank you.

Senator SYMMS. Thank you very much, Tom. Just to put it in perspective for some of our colleagues from the New England area, approximately how many acres is there in Bonneville County?

Mr. LOERTSCHER. I don't know the exact figures, but I can give you percentages. The percentage of private ownership versus Federal ownership; 52 percent of Bonneville County is owned by the Federal Government. We provide extensive services to those Federal lands. A lot of those lands are grazing lands and the revenues that come back to the counties in the State of Idaho were nowhere near what we spend to provide access to those lands.

Senator SYMMS. How big is Bingham County? Do you know?

Mr. CHRISTENSEN. I don't have those figures, Senator. I do want to say that I think that Bingham County probably has more agricultural land under production than any other county in the State of Idaho. Canyon County and Twin Falls County probably may produce more but because of the climate conditions in eastern Idaho we don't get the yield, but we have more acres under cultivation. It is close to 2 million.

Senator SYMMS. What I am talking about is your county is close to 2 million acres you say?

Mr. CHRISTENSEN. Very close.

Senator SYMMS. That's what I'd say. I know that Rhode Island has 600,000 acres, and, I'm not sure, but Delaware may have 1 million acres. But some of those States back East are not very big when it comes to terms of sensing the grasp of the problems that you have in a county in a Western State that covers many miles and long distances and requires a lot of roads. It really is a problem.

Mr. CHRISTENSEN. There is one thing that the people of the East don't realize, and we speak of Bingham County and other counties along the Snake River Valley that we are primarily a desert, and to take the water out of the river we have an irrigation system that's made up of a lot of canals, laterals, and things that makes it so that the county governments in order to move the traffic have got to have a high number of bridges. This is something that you don't have particularly in the valley farm area like the Snake.

Senator SYMMS. Well, Tom, you touched on it.

Mr. LOERTSCHER. Excuse me, Senator. I do have those figures. I got to thinking about it and I carry them with me everywhere I go because I wanted to have this.

Bonneville County Wheat Department provided this. The Bonneville County Wheat Control District is responsible for 1.16 million acres of land. That's just in Bonneville County, so that's approximately the size of the county.

Senator SYMMS. Yes; that's a lot of real estate. You touched on a very important problem that you have with respect to the 1-percent initiative and the funding and how you are going to get the money with the property tax if this thing passes. I guess that's why you favor continuing the trust fund. How much responsibility should local jurisdictions have for this question? Would any of you want to comment on that? He's got a problem down there in Orange County where they had already built a freeway before the interstate system and then it got put into the interstate system. There is so much traffic on the road that as it wears out you can't even work on it. All of those people don't live in Orange County. I mean they go through there from San Diego to Los Angeles. The problem that you have is the same that you are talking about hauling those goods out of the county to the markets. How much does the county have to raise? What's the responsibility?

Mr. CHRISTENSEN. Well, Senator, I highly support local government and what's been said here of having more authority than what's been given to us. I say this because of the road conditions. We don't have the money to patch the holes, and the blame falls on the local officials. Like I have said, two-thirds of my road system is gravel and all of those people would like oil, but we would like some way that those people can have the improved roads that they want.

Senator SYMMS. How about the comparative costs of maintaining gravel roads in your part of the West versus an oil road where you have these climactic changes.

Mr. CHRISTENSEN. Actually, the oil road is much cheaper for us to maintain. What happens is that we try to get everyone within a half mile or a mile of oil and so the end result is that the road graders have to go down to it to get to the gravel roads and so it presents a real problem to us.

Senator SYMMS. What's the cost of deferring maintenance? What's the price? Houston, Tex., told us before the committee that it was several hundred dollars a car for maintenance per year. Two hundred dollars a year for maintenance for their lack of road construction. Do any of you have a comment on that?

Mr. CHRISTENSEN. I don't have any figures but I do want to make a comment.

Our county has to depend on the trucking industry to move our produce and the farmers consistently tell us that the cost of cars, tires, shocks, and alinement of vehicles is much more than it would be if they had put the money into a better road system.

Senator SYMMS. How about safety?

Mr. CHRISTENSEN. We really don't have a safety problem in our county. When we speak of gravel and the bumps, these seeem to be speed bumps or speed control, so we really don't have too many problems with safety.

Senator SYMMS. What was that comment again?

Mr. CHRISTENSEN. Our roads and chuckholes turn out to be speed barriers.

Senator SYMMS. So it slows them down.

Mr. JENKINS. I just might mention, Senator, even in Orange County, I know when you are talking a little bit about the systems that are off the Federal-aid system versus on the Federal-aid system and we have somewhat, even though our county is an urban county, we have about 5,300 miles of streets and roads. About 250 miles of that is on the State highway system. We have approximately 5,000 miles of road in 26 cities in my county plus the unincorporated area. We have to figure out the same issue of how to maintain those and they are getting worse every day. There's a lot of cities in California that have the same issue. We have what was called proposition 13 which limits local ability to raise taxes similar to, I guess, some measure in Idaho and Massachusetts and other States now. It requires a two-third affirmative vote—not a 50-percent vote, but a two-third vote to raise any taxes so we have somewhat the same difficulties.

Senator SYMMS. I think that you were all here this morning when the Governor of Montana mentioned about how he thought it was much more important to get the interstates done in and out of Montana than it was to build the interstate in the Century Freeway project because that is a stretch of road out here that would tie up the national defense of the country and the Century Freeway is used for local traffic mostly. Of course, you would expect the Governor of Montana to be more inclined to want to finish his own road and I respect him for that. Is the interstate formula paying for 90 percent, if it's in a project that is determined in some way to be not used as much in the national interest that they ought to change the formula for those?

Mr. JENKINS. I personally wouldn't be adverse to that. I think that something that we have difficulty with both State and Federal policies is their getting down to what is the State responsibility and what is the local responsibility and what is the Federal responsibility? We are having some discussions with the California Transportation Commission, they are saying that where our local streets come into a State highway that we should cost share, like on an interchange or an overcross, that we should determine just how much is benefit to the State highway system versus the local street and cost share in that way. A 50/50 arrangement if it's that kind of project, if it's totally beneficial to the State highway system then they would pick up in some theory 100 percent of the cost. Personally, and the way that our commission has looked at things, we want to find an equitable arrangement. Right now we are doing what's called a benefit burden study in our county to determine who should pay, whether a developer pays, or whether the general public benefits and how we are going to assess local taxes or bring an issue to a local vote. I think, on a national level, it becomes very complicated but it is something that I think could be looked at. I'm not sure how it would be administered. Right now, you have a very simple way of administering Federal funds where there is a set formula and set apportionments and things like that and it really ends up being to the State to decide how to get things done.

Senator SYMMS. How does a State with low population and high mileage fund its maintenance? Do you have a suggestion for them?

Mr. JENKINS. The Federal Government has never been involved in maintenance. It depends on how you view the 4-R program.

Senator SYMMS. I'm talking about the 4-R program, that's more the maintenance, I agree. This is going to be very, very controversial when our program becomes more important in the Federal part of the highway system. How do you suggest that States like Montana, for example, take care of that? They have got 1,200 miles of freeway and 1 million people or less.

Mr. Christensen. We don't have a problem with 90 percent funding of our 4–R program. In fact, we are in favor of it.

Senator Symms. The formula?

Mr. Christensen. Yes, there is a formula of 90/10. But when you get down to the Federal-aid or the secondary road system and this is in the Senate bill, you reduce that formula to 50/50; in other words, 50 percent Federal funding and 50 percent at the local. This is the area that we disagree with because we think that there ought to be consistency between the funding. Now, if you are going to fund for the 4–R program at 90 percent, then we would request you to give us at the secondary road level the same reasonable support.

Senator Symms. I hear you on that one. The question I'm asking is about the formula of how you decide who gets the money, whether it's the number of miles, the number of cars that drive over it, or else the distance of roads. States like Idaho, Utah, and Montana have long stretches of road and not as many people using them. I think that Montana probably has about as difficult a problem with any one of those formulas as any State in the Union.

Mr. Jenkins. When you are looking at the 3–R or 4–R program from the aspect of less traffic, less wheel loads, in theory your pavement will last longer and you will not be in a point of needing resurfacing and reconstruction. That's why the vehicle miles traveled or the number of vehicles using has to do with the design life of the facility.

Senator Symms. But the temperature goes from 40 below zero to 100 degrees.

Mr. Jenkins. This is where the 3–R and 4–R programs are in difficulty because it gets close to the maintenance issue. The States have always been responsible for maintaining the highway facilities through their design life as a State responsibility. The 3–R and 4–R formula drifts a little into the maintenance category and it's a gray area. It's not unlike what happened in the transit program, but that's not a part of your committee's work.

I don't have an answer, but I think that's where there needs to be some better Federal guidance as to what is meant there. The States and all of us are trying to get money out of somebody else to help our problems, which would either be maintenance or new facilities or reconstruction. We are probably going to try the hardest that we can to move into that gray area because we are having trouble locally maintaining our roads. I don't know what the answer is but I think that it's going to be hard, whether it's 55/45 or 60/40, that makes a 1-percent difference in California in the amount of funds that come in 4–R: 10½ percent versus 9½ percent in the total funds. Obviously, we will argue from our viewpoint to get the most but we all know what happens when it gets in Congress. There will be some kind of compromise on that.

Senator Symms. Thank you all very much. I appreciate it. I'm sorry that we kept you so long. I am seeing that we are all going to miss our plane if I don't get moving.

Panel No. 4 is Steve Goodsell from the Utah Railroad Association and Arnold Lessing, chairman, Government Relations of the American Truck Dealers Division of the National Automobile Dealers Association. Welcome to the committee, gentlemen.

Mr. GOODSELL. Thank you.

Senator SYMMS. Do you want to lead off this afternoon, Steve?

STATEMENT OF STEVEN A. GOODSELL, GENERAL SOLICITOR, UNION PACIFIC RAILROAD CO.

Mr. GOODSELL. Thank you, Senator. Good afternoon. My name is Steven Goodsell and I am general solicitor for Union Pacific Railroad in Salt Lake City. I am appearing today in my capacity as chairman of the Utah Railroad Association to provide the subcommittee the rail industry's perspective on the future of the Federal-aid highway program. I have heretofore submitted to the subcommittee a 13-page statement of my testimony and in keeping with the subcommittee's guidelines I will limit my testimony to sidenotes with the understanding that the written submission will become part of the record.

Senator SYMMS. Your entire statement will be made part of the record.

Mr. GOODSELL. Few dispute recent Government reports finding that America's highways and bridges are crumbling and immediately require substantially greater funding if they are to be preserved. There is also general agreement that the highway trust fund should be maintained since through the fund those who use and benefit from the highways directly finance their construction and maintenance. The controversial issue is the allocation of highway costs among users in a manner that assures not only adequate highway funding, but equity among the various classes of highway users. Unless a long-term solution to cost allocation is achieved, timely and thorough restoration of bridges and highways will not be possible.

Like the Federal Government, the States are facing critical shortfalls in highway revenues. As a result of the funding crunch most States have or are in the process of carefully reviewing highway financing mechanisms and revenue sources. A number of studies undertaken by the various States have concluded that heavy vehicles are underpaying for the use of the highways.

I need to emphasize that American railroads have a very legitimate interest in heavy truck user charge payments. Because heavy trucks today have not been assessed fees commensurate with responsibility for pavement damage, substantial segments of rail traffic have been diverted to the trucking industry.

Sums paid out annually by railroads for taxes and maintenance of their rights-of-way must be reflected in rail rates. Since the trucking industry's right-of-way has been financed largely by drivers of automobiles and lightweight pickup trucks and vans, truck rates do not reflect the true cost of doing business. As a result, not only is traffic lost to the railroads, but rail rates remain artificially depressed on traffic which is truck competitive. To the extent that highway funding inequities persist, the rail industry will continue to be in a severe competitive disadvantage.

Recent efforts at the State level to resolve funding difficulties have for the most part involved stopgap measures such as fuel tax increases which only temporarily relieve funding pressures and preserve user charge inequity.

Sharp rises in gasoline and diesel prices during 1979 and 1980 sparked production of more fuel efficient automobiles and curtailed road travel. As a result, tax revenues to both States and the Highway Trust Fund have declined significantly.

In the State of Utah, as is the case in most other States, the marginal increases in highway revenues cannot even approach the rate at which the pavement is deteriorating. Federal cost allocation study provides a sound basis upon which to reverse the nonuser financing trend and at the same time avoid mere stopgap funding measures. In addition, although all vehicles would be impacted by user charge increases, the study financing recommendations would distribute highway costs more equitably among vehicle classes.

In designing alternative user charge structures based on cost responsibility, an overriding consideration of the Department of Transportation was the ease of administration. For this reason, unfortunately, the Department rejected application of a weight/distance tax, although concluding that such a tax "could contribute significantly to a fairer and more efficient tax structure." It should be pointed out, however, that nine States now enforce such taxes and that the administration of such a taxing alternative would not present serious administrative difficulties since mileage and weight data are recorded for purposes of enforcing fuel and registration fees.

The railroad industry submits that the weight/distance tax is preferable to any other user charge mechanism. As you noticed, many of those testifying on behalf of the State departments of transportation today have indicated that a weight/distance tax works well and it is not that difficult to administer. I believe that we have heard from the States of Arizona, New Mexico, Idaho, and Colorado concerning the weight/distance tax and its application and that it isn't that difficult to administer.

The final point is that Federal user charges should be revised before any further size and weight allowances are legislated by Congress. While user charges have not been raised since 1961, truck axle and gross weight limits on the interstate system were increased in 1974. The trucking industry is now actively campaigning for further increases in size and weight allowances. Such allowances would only exacerbate existing inequity and further accelerate highway damage.

The rail industry urges Congress to take all steps necessary to insure that our highways and bridges are properly maintained but in considering revenue raising measures, Congress should not abandon the cost allocation study—4 years in the making—for the user charge proposal as advanced by the American Trucking Association. That proposal by the American Trucking Association would merely prepetuate and actually compound inequities in the present tax structure.

Elimination of the truck subsidy is in the interest of all. A vast majority of highway users now pay far more than their fair share of highway expenses, while all taxpayers are forced to contribute additional funds even though they may not even be using the highways. Revision of Federal user charges would significantly reduce the burden on these groups and at the same time would enable railroads to compete with the trucking industry on a fair and equal footing. Thank you.

Senator **Symms**. Thank you very much for your statement. Mr. Lessing.

STATEMENT OF ARNOLD LESSING, CHAIRMAN, GOVERNMENT RELATIONS, AMERICAN TRUCK DEALERS

Mr. LESSING. My name is Arnold Lessing, and I represent the American Truck Dealers, a division of the National Automobile Dealers Association. I operate a heavy duty truck dealership in Denver and I am actively involved in the sale of heavy duty trucks. I have submitted written testimony which I would like to summarize.

Senator SYMMS. Your entire testimony will be part of the record.

Mr. LESSING. It's the basic position of ATD that we are in favor of the completion and timely maintenance of the interstate highway system and we agree with the principle that the user should pay for those highways. My specific objection to the taxing structure is the Federal excise tax on trucks and truck parts.

The final report of the DOT to which we are responding does not specifically suggest total elimination of the excise tax but some of the alternatives do propose elimination of that tax on trailers and parts and every alternative offered would remove the tax from one-third to one-half of the trucks to which it now applies.

Working Paper 12, the last interim report, did contain two alternatives that would eliminate the tax totally on all trucks.

Our position is: the Federal Excise Taxes on trucks and truck parts create inequities and unintended burdens, and are not suitable as user fees. Those excise taxes should be eliminated and replaced with revenue from sources more closely related to highway use. There are several reasons for our position:

(1) The excise tax on vehicles does not pay for any specific or measured amount of use. The taxes imposed on the front end and at its extreme can pay for a few days of limited use on the highway or it can pay for many years of continuous transcontinental service. The application of this tax and the effect of it against use is largely a matter of chance that depends in great measure on the nature and location of the purchaser's business.

(2) Another illustration as to why it is not a good fee assessed against use is that United States built trucks imported from or through Canada are allowed to use the highways without the payment of excise taxes and they run next to other trucks that do. Some of these trucks are bootlegged in, that is they are brought in illegally as used trucks and the tax therefore is evaded, but other trucks are brought in legally after some legitimate use in Canada. If the truck is a U.S. built unit the tax does not apply. The IRS is making serious efforts to enforce the collection of the tax on the use to which it is due but there is no proposed development at this point to change the arrangement that permits importation of the U.S. built truck without payment of FET's.

IRS enforcement, presumably, does not monitor compliance with our safety and emission standards.

The excise tax also causes the selling price to be depleted and therefore sales taxes sometimes as much 70 percent are applied to the FET. The $400 or $500 that results from a tax on tax does not purchase any more use, it merely serves as an unfair expense and a disadvantage in competing with an operator based in another State that does not collect the tax on FET.

Another objection that we have to the excise tax is that it is the only component of the Highway Trust Fund that is based on value. As a consequence, the excise tax has escalated constantly with the price of trucks, while all other forms of taxes based on gallons, pounds of rubber or vehicle capacity have tended to remain constant, or in the case of fuel tax tended to be reduced as a result of more efficient truck components. The result is that an increasingly disproportionate tax on the selling price of new vehicles and the parts to maintain them.

The very nature of the FET on vehicles is a penalty on investment in new equipment—a disadvantage that is especially inappropriate at this point in time.

The most frustrating feature of this tax to truck dealers is that it must be prepaid by dealers. I have tried to show the contrast between the dealer and the retail store operated by factories. A factory branch can hold inventories of any quantity for any length of time without payment of this tax. The interval between manufacture and sale is sometimes several months and in the case of dealers we must prepay the tax and we prepay it even before it is determined whether a tax will be due. There are cases where trucks sit in inventory for several months and then it is sold to a nontaxed entity and in that case no tax is due and we have to attempt to recover it from the manufacturer. The effect of this is that we make a tax-free loan to the Government each time we buy a truck from the factory. The prepayment of this tax also increase the cost of our inventory and as a result we are taxed more heavily on our inventory and we pay an additional insurance premium and obviously we pay interest on that tax. All of that amounts to a substantial amount of money. In a big dealership this can amount to $100,000 a year or more and this must be absorbed by the dealership. The only alternative is to pass the expense along to the retail customers, but if our competition is a branch factory that does not have this expense the competitive situation just won't allow that to be done and a loss of sales will result if we even try.

To define the magnitude of the problem the average trucks in my inventory as of today, September 2nd, have been there an average of 196 days and the excise tax average is $6,069 a truck. I paid that tax when I bought the truck from the factory and I also paid the taxes on the parts.

Another complication, and this is really a troublesome one, is the treatment of "further manufacture," a term applied to changes that a dealer might have made to a vehicle after it leaves the factory. Because the tax is collected ahead of time there is sometimes a change when something that we did to the truck is designated as further manufacture. This produces a problem in that we are not only taxed for the additions but for the basis of computing the tax on the entire vehicle changes no matter how minor the further manufacture, the base of the tax is changed at the retail price rather than the wholesale price. Again, in case of a factory branch they are not involved with this and their tax can be lowered. The selling entities can be located right next next door to each other and be competing for business with the same customer.

All of these features that I have mentioned combine to inhibit the purchase of new trucks. With truck sales currently running at a level of just half of what they were in 1979, this is a matter that is obviously of vital interest to us but we are not the only ones involved. Other groups and individuals would also benefit from increased level of truck sales, and again, the rate of replacement with trucks complying with modern safety emissions standards back to a pace that was anticipated when those regulations were put into place would obviously benefit the general public. The greatest stimulant that Congress could give to truck sales would be to eliminate the excise tax and take that severe cost load off the front end.

In the opinion of ATD, the opening of the entire subject of highway costs and user responsibility provides an excellent opportunity to remove the excise taxes completely and we sincerely recommend that that be done.

As an interim measure we would also recommend election of the tax at least be changed to be made due only after the truck is purchased by the user subject to tax. This would eliminate the unfairness imposed on dealers and would reduce interest and related expense in direct proportion and would eliminate the problems facing involving further manufacture and the importation of trucks from Canada. Also, as a response to the abnormally low replacement rate of vehicles over the last 2 years, we would recommend the elimination of not only the tax on parts in order to encourage the maintenance of existing vehicles to an appropriate level of safety and efficiency.

Senator **Symms**. Thank you very much. I think that it's highly appropriate that we have both of your fine testimonies together in the record so that when people look up the two points of view they won't have to thumb through a lot of pages. That is quite a different point of view. One thing that has come up continually on truck taxes is the question of people evading paying the truck taxes, both on the weight and distance tax, which I think you favor.

Mr. **Goodsell**. That is correct.

Senator **Symms**. But do you think that that's a problem on people not paying?

Mr. **Goodsell**. We have heard the testimony this morning where there is some evidence possibly that the independent person might be avoiding some of those taxes. I don't have any suggestion on that, but as far as the weight/distance tax administration, I think that the States that have enacted it have found that it's working quite well.

Senator **Symms**. What's your viewpoint on that?

Mr. **Lessing**. I think that the amount of evasion on vehicles is very slight and on parts it's more of a problem.

Senator **Symms**. How about on this Canadian thing, you say that the trucks go to Canada, they are weighed and then they slip back to the United States; is that a big problem?

Mr. **Lessing**. It's a very serious problem that involves dozens and dozens of trucks.

Senator **Symms**. In any State that has a Canadian border or just anywhere in the country?

Mr. **Lessing**. The majority seem to be showing up in Texas. Houston has quite a few. There doesn't seem to be any geographic pattern there.

Senator **Symms**. How do you track those down?

Mr. **Lessing.** We watch for them carefully. They are advertised heavily.

Senator **Symms.** I see that you are a Peterbilt dealer.

Mr. **Lessing.** Yes.

Senator **Symms.** What's a big high-priced Peterbilt rig cost now, or a competitive model?

Mr **Lessing.** We have retail units up to $90,000. The average excise tax on the ones that I currently have, and I have six of them, is $6,069. That's the average.

Senator **Symms.** That's the Federal excise tax?

Mr. **Lessing.** Yes.

Senator **Symms.** On, say, a $75,000 or $85,000 or $90,000 truck or tractor?

Mr. **Lessing.** Unless I further the manufacture, and then that throws it into a different——

Senator **Symms.** Unless you what?

Mr. **Lessing.** Unless I further the manufacture.

Senator **Symms.** In other words——

Mr. **Lessing.** In other words, I am changing the wheel base, for example, which specifically has been designated as further manufacture, and then the $6,069 on the average truck no longer applies.

Senator **Symms.** How much does it cost to further manufacture?

Mr. **Lessing.** It can be modest. A wheel base change might be 300 dollars' worth.

Senator **Symms.** I guess most people would like to buy them changed, wouldn't they?

Mr. **Lessing.** No, because it increases the tax. As an example——

Senator **Symms.** It increases which tax?

Mr. **Lessing.** It increases the Federal excise tax if a dealer sells it, not if a branch sells it but if the dealer sells it and that's the inequity.

Senator **Symms.** But, in other words, if you're a Peterbilt dealer but Peterbilt has some stores of their own——

Mr. **Lessing.** Peterbilt does not. International Harvester does——

Senator **Symms.** OK. Now, they sell one and they don't have to pay the excise tax until the truck is sold.

Mr. **Lessing.** Right.

Senator **Symms.** The dealer pays it when you take it in.

Mr. **Lessing.** Right.

Senator **Symms.** So you have to pay $6,000 to the Feds just to have the privilege of flooring the truck.

Mr. **Lessing.** Right, for $196 basically, on the average.

Senator **Symms.** How much would the wheel base be?

Mr. **Lessing.** Suppose I have a long one, 235-inch wheel base that I want to cut down to 220 inches so that it can make certain States' length requirements that doesn't increase the capacity of the truck.

Senator **Symms.** How does that change the excise tax?

Mr. **Lessing.** Let's just say that the selling price of the truck would be $75,000, the excise tax computation is then changed to 90 percent of the retail price, 10 percent of the 90 percent of the retail price. In that case it would be $6,750. My excise tax has just increased by $750.

Senator **Symms.** How was it before you changed it?

Mr. **Lessing.** If it were $6,000, for example. Whereas if that truck is in branch inventory, they are not furthering the manufacture of the truck, they are just continuing the manufacture of the truck and their excise tax would be $6,000. I have a disadvantage of $750 plus the expense of carrying the excise tax in my inventory all of those months. It's quite a problem.

Senator SYMMS. What should we do if we got rid of the truck excise tax and what should we replace it with? A tax on the railroads, I guess?

Mr. GOODSELL. We are already being taxed to death.

Mr. LESSING. I don't have a favorite, but certainly something that is much more equitable. I sold a truck last month, it was a 1950 model and that truck has been around for 32 years and it has got 32 years of use out of the excise tax. It's an old Safeway truck. Whereas if a customer wrecks his truck on the way to the freeway and never gets there he needs to go back and buy another truck with another $6,000 of excise tax and he has no rebate at all. So it's a lifetime assessment on a truck and it's not at all related to use. In a case of a logging truck, some of those people are building most of their own roads and it rarely gets on an interstate and very infrequently do they pay the same amount of tax.

Senator SYMMS. So how do we replace it?

Mr. LESSING. Any of the other components of the tax would be preferable. The ones that are assessed more frequently are the ones that are most closely related to use. In a case of an annual registration fee it at least comes closer in that you are breaking it down into eight or nine increments, and if the truck is lost through accident you are only using a year's increment, whereas in the case of excise tax you lose a truck early in its life and you have lost the entire excise tax.

Senator SYMMS. What's the gas or fuel mileage now, say, of a big Peterbilt, a 20-ton or an 80,000-pound rig?

Mr. LESSING. Four and a half to five and a half miles to a gallon.

Senator SYMMS. That's pretty fair mileage actually, isn't it?

Mr. LESSING. On a ton-mile basis that's quite efficient. Fuel is consumed almost daily and that's very closely related to use. Tires last perhaps a year. They are fairly closely related, perhaps 10 months.

Senator SYMMS. We had a witness testify in Washington, that made a very interesting analysis. He was opposing taxes on rubber because he said that the market will then lean toward making lighter tires which will be more unsafe and more damaging to the highways. Does the trucking association have any information about how the rubber on a tire can be less damaging to the highway in terms of per square inch pressure or how much rubber and how heavy the tire is and so forth?

Mr. LESSING. In order to gain the higher rate of capacity, tires are one of the components that are used in a computation, as are the wheels, the axles, the springs. Those are the basic components that are computed in it. To reduce the size of tires substantially would reduce the rated capacity of the vehicle.

Senator SYMMS. So you don't think that that's really a problem then?

Mr. LESSING. I would say without any other regulation it could possibly be a problem.

Senator SYMMS. You see what he is talking about is that with all the good intentions people may have to go out here and raise revenue for the highway, if a tax is put on rubber that the competition in the tire market will then lead to lighter weight tires because of a tax that's on rubber.

Mr. **Lessing.** That would seem to me to be a good possibility.

Senator **Symms.** Well, it sounds logical, but I was just wondering if that's the case would that wear the highway out faster or slower?

Mr. **Lessing.** I wouldn't be able to answer that.

It would wear the tires out faster.

Senator **Symms.** The DOT's recommendation approved that the cost allocation finds that light trucks subsidize heavy trucks, do you think that's a problem?

Mr. **Lessing.** I tend to agree with that, especially those trucks that don't have Federal excise tax on them as you get to the smaller sizes.

Senator **Symms.** I guess I don't have to ask you that, Steve, but I will.

Mr. **Goodsell.** I am glad that you did ask. We definitely agree that it's manifestly unfair for somebody to pay more than their fair share of the damages that are incurred.

Senator **Symms.** Well, I appreciate it. Did either of you have any last parting shots that you wanted to make?

Mr. **Goodsell.** We just appreciate the opportunity of being here and presenting our position.

Senator **Symms.** Well, I appreciate having both of you. It's a problem that I'm very concerned about and I think that we still have some work to do on the question of trying to come up with some kind of an equitable and fair solution that will fit the needs of everyone. I really appreciate your testimony, both of you. Thank you very much.

Panel No. 5, that is Horace Gunn and John Eisenhour. Welcome to the committee.

Mr. **Gunn.** We are glad to be here.

Senator **Symms.** Let's see, Horace, why don't you lead off.

STATEMENT OF HORACE GUNN, EXECUTIVE MANAGER, UTAH CHAPTER, ASSOCIATED GENERAL CONTRACTORS

Mr. **Gunn.** Senator Symms, we appreciate the opportunity to be here. My statement, I believe you have a copy of my printed document and I will just highlight it.

For a long time the highway system of our country has been a joint effort. It has involved funds from the Federal Government with matching funds from the State. Now we are seeing one of these partners faltering in building the network of highways in our country. This, of course, being the Federal Government.

I think our State people brought out that since 1969 we have increased our tax an equivalent of 6.5 cents so that we haven't done too badly in our State. With the blessing of the legislature, the Governor and our industry, we have been able to match all of the money that the Federal Government has given us and I am sure that it would be the mood of our State people to make additional money available to match any Federal or additional money that might come forward.

We think that the Federal Government has been lacking, and, of course, as you all know, they haven't increased that basic tax since 1959, while we as a State have increased ours considerably and it's now worth less than 1 cent because of inflation.

DOT has matched and we will get whatever money Washington gives us. It is a sobering fact that our highways are wearing out faster than we are repairing or replacing them. Extensive hearings before Congress have established this fact. We are only spending half of what we need.

I am not going to get into what our State needs, I think that our State people have given you that. As far as how AGC feels about where this revenue comes from, H. C. Heldenfels, the national president of AGC, has given you testimony on August 10, 1982, so that you can get our position on that.

In more detail, the construction industry is one of the biggest industries in the Nation and the economy of the country as well as the well being of the construction industry are closely related. Now we are suffering from a recession and high interest rates and this is compounded by the declining participation of the Federal Government in the highway system. The reductions in the Federal-aid highway investments are resulting in a highway construction marketplace where many contractors are being forced to go out of business Nationwide more contractors failed in the first 6 months of 1981 than in the 4 total previous years. Highway construction business is a very competitive one. According to the Federal Highway Administration, the 1981 low bids of our contractors averaged 14.3 percent below the engineer's estimate. This compares to 1978 where it was only 1.5, so you can see how competitive our business is.

In 1981 the national average of bidders for Federal highway jobs was six. In 1979 it was below four. Highway contractors' margins, in even good times, have only averaged 2 percent. Presently, many contractors are being forced to bid below cost in an attempt to keep their employees working and make the payment on this heavy equipment that they have. Unemployment in this country is over 9 percent but the construction industry is more than twice that level. Adequate investment in our highways will spur business, create jobs, and, we think, increase employment and help our economy to a faster recovery.

Senator SYMMS. Thank you very much. I appreciate that statement. Mr. Eisenhour.

STATEMENT OF JOHN E. EISENHOUR, JR., AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION

Mr. EISENHOUR. Mr. Chairman, I am pleased to be here today as an official representative of the American Road and Transportation Builders Association. Currently, I am a member of the ARTBA board of directors and also a past president of the ARTBA contractors division.

In April 1982, James Caywood, ARTBA's chairman, testified before this committee regarding long-range highway legislation. He expressed our concern about the critical shortfall in highway funding. He very ably articulated ARTBA's views with respect to the appropriate levels of authorizations for an adequate highway program. We appreciate this opportunity today to focus more specifically on the four issues which are the subject of this hearing. Let me address each of these issues.

First, the condition of the Federal-aid highway system and the factors affecting the service life of the system. The simple fact of the matter is that thousands of route-miles of the Federal-aid highway system have already reached the end of the service life for which they were designed. There are surely thousands of miles of highways in need of extensive reconstruction and rehabilitation.

The situation is best described in detail in the 1981 report of the Federal Highway Administration entitled "The Status of the Nation's Highways: Condition and Performance." This report is based on 1978 data, and is the third of a series of reports. Going back to 1970 data, it can very clearly be seen that the system as a whole did not perform as well in 1978 as it did in 1970.

A serviceability rating was assigned to pavements on a scale of 0 to 5. Pavements in the 3.5 to 5 range are considered good. Those from 2 to 3.5 on the scale are termed fair. Pavements with ratings less than 2 are considered to be in poor condition. Any rating below 2, or below 2.5 for high-use, high-speed facilities such as the interstate system, indicates an urgent need for major capital improvement.

The 1978 report indicated that 63 percent of the rural interstate pavement is in the good range. More than 27 percent was rated fair and 10 percent was rated as poor. This is a striking change from the 1975 report, which shows 74 percent as good, 22 percent as fair, and only 4 percent as poor.

In looking at these figures in detail, three factors must be borne in mind:

(1) The rural interstate system is in better condition than other parts of the Federal-aid highway system, being newer and built to higher standards. Only 26 percent of the rural collector roads and 37 percent of urban collector roads had good pavement ratings.

(2) Pavement deterioration accelerates toward the end of the service life. It generally takes 10 to 15 years for newly laid, high design pavement on the interstate system to deteriorate to fair condition. However, the deterioration from fair to poor will occur much more rapidly unless remedial action is taken quickly. Between 1975 and 1978, the mileage of good pavement on the interstate system decreased 11 percent, but the milleage of poor pavement more than doubled.

(3) Most segments of the interstate system were built with a design life of 20 years. Each year approximately 2,000 miles of interstates reaches the end of that useful design life.

Highway deterioration is caused by such factors as high traffic volumes, types of classification of vehicles using the highways, and also weathering. Deferred maintenance is also an important factor. Prompt and effective attention to early signs of pavement stress is very important in extending the useful service life of a highway.

The needs of the Federal-aid highway system versus the existing revenues coming into the trust fund. In the testimony ARTBA presented in April we set out a tentative recommendation for Federal-aid highway authorizations for fiscal year 1983. I won't repeat them at this point.

In developing this program, we attempted——

Senator SYMMS. We will make the entire statement part of the record.

Mr. EISENHOUR. In developing this program we attempted to be very conservative to avoid overstating program requirements. In so doing, we have probably set the total program needs much too low.

In June 1982, the Congressional Budget Office reported on a study of interstate system funding needs, prepared at the request of your committee. The Congressional Budget Office study indicates 10-year interstate construction and 4–R needs amounting to $80 billion in 1979 dollars.

Ignoring any future inflation, the 90 percent Federal share would be $72 billion or $7.2 billion per year. This is precisely the level recommended by ARTBA for fiscal year 1983. Other independent studies and reports confirm the ARTBA estimates. There is no doubt whatsoever that a Federal-aid program level of at least $14.4 billion annually is needed in order to preserve the serviceability of the Federal-aid system.

Highway trust fund receipts in fiscal year 1981 amounted to $7.3 billion. This is only one-half of the amount needed to fund an adequate highway program. I would like to emphasize that one of the serious problems is the Highway Trust Fund checkbook balance of $10 billion. This amount can be drawn down in order to help finance the program, while increased highway user fees are put into place.

The allocation of highway costs among the various classes of highway users: I think that I would just like to submit the written statement in interest of time and just summarize, notwithstanding the inequities, ARTBA strongly recommends a 5-cent increase in the highway fee for motor fuel usage. The present 4-cent-per-gallon charge should be retained and supplemented by an additional 5 cents of the wholesale price of fuel. In this way, future highway funding would receive approximately $5 billion annual additional which is sorely needed revenue.

Proposals to change the structure of highway user fees: We believe that the motor fuel user charge should continue to be the major source of Highway Trust Fund revenues. It has several advantages. It is easy to administer, it is a convenient measure of highway usage, and it also has some beneficial effect in promoting energy conservation.

From the standpoint of equity, every highway user should pay the motor fuel user charge. If Congress wishes to subsidize certain classes of users, such as governmental entities, but operators, and users of gasohol, it should make such payments from the general fund and not the Highway Trust Fund.

The 5-cent increase in motor fuel user charge would not, in itself, provide a fair share collection of revenue from the trucking industry. Even the American Trucking Association's recent proposal to this subcommittee recognizes this fact. The additional fees should be made available in addition to Secretary Drew Lewis' proposal to increase the user fees by a nickle.

The nature of these special charges may best be determined through consultation with a representative sample of truck operators.

At the Federal level, we urge the following: The Highway Trust Fund, expiring September 30, 1984, should be extended on a permanent basis. Second, there should be an equivalent of at least an immediate doubling of the current Federal highway user fee. Third, the checkbook cash balance in the Highway Trust Fund should be quickly reduced to no more than $2 billion. Fourth, the imposition of arbitrary obligation and artificial ceilings which force the Federal-aid highway program to operate below authorized levels should be discontinued immediately. Fifth, the Federal-aid highway program be immediately increased to a minimum of $14 billion per year. Sixth, the Federal-aid highway program should be removed from the unified budget process.

In conclusion, the provision of substantial additional revenues and authorizations for the Federal-aid highway program is no longer a question of it but when. We are paying a heavy price in terms of wasted fuel, wasted time, and higher repair costs to operate vehicles on wornout highways. We are also paying additional costs due to the unnecessarily high frequency of highway accidents.

These costs are paid not only by the highway user but by every farmer, every consumer, and ever industry dependent on highway transportation. This obviously means all of us. I thank you for the opportunity to be here.

Senator **Symms**. Thank you both very much for your statements. I don't know whether you have the figures but I think that we all know that interest rates have added enormously to the costs of road construction. What are some of the other factors that have entered in on the increased costs of road construction?

Mr. **Gunn**. I think one thing is the increased cost of equipment and materials, increase of hourly rates and benefits paid, and the Davis-Bacon Act which was part of all of our agreements.

Senator **Symms**. Is what the Highway Administration has been trying to do with regulations going to be helpful on Davis-Bacon? Will it reduce the impact of the Davis-Bacon application in every case?

Mr. **Gunn**. We would like to see Davis-Bacon done away with and it would be a savings of billions of dollars to the country.

Senator **Symms**. Let me ask you this question. Just about 3 weeks ago Congress passed a new tax bill which will change the completed contractors rules. Have your accountants in your respective companies had an opportunity to examine that and tell you whether or not you think you have to plumb that into the next bid that you make?

Mr. **Gunn**. It's just out and they are looking at it now. I'm not in a position to make a statement on that, Senator.

Senator **Symms**. Do you have any comment on that? Lots of people weren't very happy about having that in there and there was a great deal of controversy.

Mr. **Eisenhour**. Senator, I serve as chairman of the National Construction Council this year and we have been very active in that legislation. We feel that the end result was better than what we started with, but basically it's a 3-year situation. Any project that is less than 3 years old is not subject to the new rules or if a contractor's volume is less than $25 million. For any major highway project that involves staging, particularly in the urban area, heavily trafficked with many, many stages which is where most of the big dollars are going to be spent, those are all over 3-year jobs and so it does not address that question at all.

Senator **Symms**. So what way would you interpret that that would affect the contractor? If he goes in and bids a section of the job, but you say it's a stage, there won't be any way that they can just bid to do 3 years of it, that doesn't work out that way, does it?

Mr. **Eisenhour**. No. The turnkey contracts until the start of completion and final acceptance many of those projects are longer than 3 years duration.

Senator SYMMS. What would be the rate of payments, as they go along then? They would have to pay their taxes?

Mr. EISENHOUR. That's correct.

Senator SYMMS. When you get the payment from the government for the fulfillemnt of the contract or as you just completed it, then you will be required to make payments back?

Mr. EISENHOUR. As you heard the previous testimony, the average margin in a construction industry has been 2 percent. The retainings alone in most highway projects is in the 5- to 10-percent range.

Senator SYMMS. The what?

Mr. EISENHOUR. The retainings, the money that's held with the agency until final acceptance to insure completion. So not only is the contractor waiting for his margin, slim as it was in bid time, if it's still left at the project's completion, but he is also financing the retainage and now he is being asked to pay on a pay-as-you-go basis for taxes when we don't determine whether there would be any tax liability unless the job is completed. That's the biggest inequity in the whole contract, the changes.

Senator SYMMS. Well, it's unfortunate that that happened, I imagine, but I guess now we'd better try to make the best of it.

Well, I appreciate all of the witnesses that testified today. Do any of you have any parting shots that you want to make? I think that we have added some helpful information to our ideas, and I did just have one question that I will ask you.

You recommended in ARTBA's the $14 billion a year?

Mr. EISENHOUR. Yes, sir.

Senator SYMMS. Is it safe to say that we could be spending $15 to $20 billion a year on the highways and have a construction capacity to efficiently do without having a demand pull upward on the price?

Mr. EISENHOUR. I think that that's absolutely true.

Senator SYMMS. Would there still be a lot of competition out there bidding for the jobs?

Mr. GUNN. There is plenty of competition. There always has been and will continue to be. We have got contractors moving all over this country. We have got contractors moving from back East here because of work. They go all over. They go where the work is. There is a lot of contractor capacity in this country.

Mr. EISENHOUR. I think that our company is the epicenter of what he just said, Senator, we just moved from the Midwest to Colorado because the market in the Midwest became nonexistent. There is definitely a capacity. The problem that you are talking about is caused by a spigot that was turned on and off, we would like a gradual inclining program upward. We don't like the great ups and downs any better than you do.

Mr. GUNN. It's been a yo-yo program, this Federal highway program.

Senator SYMMS. That's what my goal would be too, to pass a long-term highway program that had the money spent out for a long and fixed time. I think that we would get a lot more efficient use of our tax dollars that way and better highways to boot.

Thank you all very much. The meeting is recessed until tomorrow in Lewiston, Idaho.

[Whereupon at 3:20 p.m., the hearing was recessed to reconvene on September 3, 1982, in Lewiston, Idaho.]

[Statements and other material submitted for the record follow:]

State of Montana
Office of the Governor
Helena, Montana 59620

TED SCHWINDEN
GOVERNOR

WRITTEN TESTIMONY BY MONTANA GOVERNOR TED SCHWINDEN BEFORE THE TRANSPORTATION SUBCOMMITTEE OF THE SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE HEARING ON HIGHWAY FUNDING, THURSDAY, SEPTEMBER 2, 1982, IN SALT LAKE CITY, UTAH AT 10:30 A.M.

Senator Symms, I appreciate the opportunity to present testimony regarding our federal-aid highway system. I particularly want to thank you for holding these hearings in the West, where highways are vital to our existence and essential to our future.

A hearing on the subject of federal aid to highways could not be more timely or important. As you are well aware, Senator, few problems in the West are as common and pervasive as transportation. Since the days of Lewis and Clark the pace and success of Western development has been dictated by how well we have solved or failed to solve our transportation problems.

In Montana, the shrinking of our railroad system leaves highways as the central means of transportation in our state. At first, roads were simply a way of getting products to and from the railroads. Now highways are critical to the economy in the West. Their condition determines our ability to compete in national and international markets and our ability to expand our economic base. Because there is a direct relationship between highways and a healthy economy, we have reason to be deeply concerned about our economic future: our major highway systems are in poor shape. You have repeatedly heard distressing statistics from other states, and Montana is no different. Our primary highways are in desperate need of reconstruction and repair: fully 50 percent, or 2,660 miles, of Montana's primary system is substandard, with almost 10 percent, or 458 miles considered to be in critical condition. Of this critical 10 percent, moreover, we only expect to be able to work on 33 miles during the current biennium. At the current rate of funding, the number of critically deficient miles will increase by 70 miles during the next five years.

The State's bridges are in equally deplorable condition. Of the 2,782 total structures in the federal-aid system, 40 percent are substandard --- 219 need replacement and 874 require rehabilitation.

Finally, the interstate system in Montana is also suffering from significant problems. Four major gaps remain in the system: 47 miles of four-lane and 27 miles of two-lane construction need to be completed. In addition, repair and reconstruction needs are also increasing as Montana's interstate system ages.

All the systems I have described are dependent upon federal responsibility --- a fact that has received non-partisan agreement from past and present Washington administrations alike. But while the federal responsibility is rarely disputed, federal highway program leadership has been lacking. Reductions in federal obligation authority in the past year have crippled the highway program and will delay completion of the interstate system in Montana by more than a decade if the current low level of funding continues. The reduction represents a major step backward by the federal government.

Nothing illustrates more the gap between promise and reality in Montana than the condition of the interstate system. We repeatedly hear from the administration that completion of the interstate system is a top priority. In fact, just last month Mr. Barnhardt of the Federal Highway Administration stated emphatically that completion of the interstate system was the administration's highest priority for highways. That statement rings somewhat hollow as proposals for increased funding have been repeatedly denied. It is time to provide the leadership necessary to solve one of the nation's most significant problems.

We must have additional federal funding. In Montana alone, the cost of bringing both the primary system up to federal standards and replacing the bridges on federal-aid systems would be $1.2 billion. Completing the interstate system would cost an estimated $150 million. The cost to repair and rehabilitate Montana's interstate system is expected to run $14 million per year while the annual cost of simply maintaining the surface of the existing primary system is estimated at more than $20 million. This year, however, Montana's total federal obligation authority has been reduced to $65.4 million, some 30 percent less than the average for the previous five years.

Funding is the most important element of the problem, but allocation of interstate funds also must be re-examined. According to a recent study by the Congressional Budget Office (CBO), federal authorizations for the interstate program, in 1979 dollars, have steadily declined since 1970. Add escalating construction costs and diminishing highway trust fund revenues, and the schedule for final completion of the system must be pushed back to the mid-1990's.

Also, federal highway funds have increasingly been diverted to either public transit projects or to upgrading or expanding the interstate system in largely urban areas where construction costs can run as much as ten times higher than projects in rural areas. About 40 percent of the time those urban projects are of local significance at best, but 75 percent of all interstate construction funds are spent on those local urban projects.

As noted in the CBO report, a substantial portion of interstate construction funds are spent on projects that have little or no relationship to the original concept of the interstate system. Those funds have been diverted from projects that are of national interest and important to national defense, to projects that are local and of no national significance.

In Montana we have about 70 miles of interstate left to be completed. Each of those gaps is considered by the U.S. Department of Defense to be important to the national defense. And they are considered by the U.S. Department of Transportation to be critical to the completion of a truly interstate system. Those gaps include a key section of I-15 between Butte and our capital city of Helena; a section to complete I-94 east of Billings and a section of I-90, which will link Wyoming and Montana together. All experience balanced traffic flows, are through-routes, and are considered to be of national significance. Yet at the current federal program level, those gaps will not be completed until the mid-1990s because they are forced to compete for federal funding with many less significant projects --- projects such as a section I-105, a part of the Los Angeles freeway system that has no national significance, primarily serves the local population, and will cost $1.2 billion to construct 15.7 miles of freeway.

As the CBO report points out, "These segments occur along routes that are not part of the network needed to link principle cities together, but rather link facilities of regional importance or improve traffic circulation in congested urban areas." While those projects may be important to local people, they do not adhere to the original concept of the interstate system. In this era of limited funds, our highway priorities are skewed. It is time to straighten them out.

If the present funding and distribution formula continues, Montana will be unable to complete its interstate system for at least ten years. As I said earlier, the current estimate for completing the interstate system in Montana is about $150 million. Our obligation authority for interstate apportionment authority in FY 1982 was approximately $26.2 million; this year we expect $14.9 million, a reduction of 43 percent.

The CBO report suggests alternative ways of allocating the monies. The federal government should assign a lower priority to projects that are not important to national defense or the national transportation system. It should adopt an allocation system based on the need to complete the existing gaps in the interstate system.

Another concern of Westerners is the increasing shift of federal highway funds from rural to urban states. Distribution formulas are being changed to favor populations and traffic count over lane miles. Those formulas ignore the fact that on a per capita basis, highways in Montana and other western states cost more per mile to build and maintain than more populated states. If the trend in distributing federal funds is not reversed, highway systems in the western states will continue to deteriorate.

The failure of Congress to adopt a long-term national highway program is another matter of concern. The "on-again off-again" funding of highway programs during the past few years is an inefficient and ineffective way to run a highway construction program. The states simply cannot develop credible planning and letting schedules nor spend scarce funds wisely without the assurance of long-term funding and spending authority. The time has come to recognize those problems and deal with them. It will not be easy or popular, as I well know. Recognizing that economic progress could not occur in the face of a failing transportation system, I proposed major highway funding increases to the Montana Legislature twice in 1981.

Our legislature rejected those requests, but initally skeptical legislative committees that have since studied the problem are now recommending that the upcoming legislative session increase funding for highways in Montana. Congress should follow suit.

Realistically, all the components of an improved federal highway program cannot be in place by October 1, 1982. This brings me to my last, and most immediate, point. If Congress does not act quickly, all the states will run out of money for the highway programs (except for 4R funding) by October 1. Failure to act could mean a complete halt in planning and letting projects. That must not happen. A one-year extension of the Surface Transportation Assistance Act is necessary as a stopgap measure until a long-term program can be developed and passed. Currently, H.R. 6965 appears to be the only bill that can be passed before the October recess. It must be approved.

In closing, Senator, I want to thank you for bringing our highway problems to light by holding these hearings in the West.

SEPTEMBER 2, 1982

SYMMS COMMITTEE - SALT LAKE CITY

INTERSTATE NATIONAL DEFENSE HIGHWAY WAS TO BE COMPLETED IN 1972

U.S. HIGHWAY COMMISSIONER THOMAS MCDONALD OVER 30 YEARS AGO -

"WE PAY FOR GOOD HIGHWAYS WHETHER WE HAVE THEM OR NOT, AND WE PAY MORE FOR THEM IF WE DO NOT HAVE THEM THAN IF WE DO."

MONTANA HIGHWAY DIRECTOR, GARY WICKS

ACCORDING TO OUR NEWSPAPERS, DIRECTOR GARY WICKS MADE A SIMILAR STATEMENT RECENTLY.

NO WAY TO BUILD MONTANA WITHOUT A SYSTEM OF GOOD HIGHWAYS.

BASIC ECONOMIC LAW

TIME AND PLACE UTILITY

ASSIGN COSTS TO USERS -

GOVERNMENT SERVICE THAT CAN BE ASSIGNED TO THE USER WHO SHOULD PAY HIS FAIR SHARE AS PER YOUR ALTERNATE 3.

ALSO, THERE SHOULD BE A DIFFERENTIAL BETWEEN GAS AND DIESEL TAX SIMILAR TO WHAT WE HAVE HAD IN MONTANA SINCE 1955 WHEN WE ENACTED LEGISLATION PROVIDING FOR A GAS TAX OF 6¢ and DIESEL 9¢. IN ADDITION, WE HAVE A GRADUATED G.V.W. TAX.

LACK OF INTEREST IN HIGHWAYS IS A REASONABLE CONCERN

BUSINESS WEEK 9/6/82

"WHERE SOME IMPORTANT BILLS STAND IN THE LEGISLATIVE MILL"

NO MENTION OF HIGHWAYS

SEE EXHIBIT A

WHAT IS CURRENT STATUS OF:

HR 6211

SENATE 841

HIGHWAY FEDERATION BULLETIN AUGUST 26, 1982

"LONG TERM HIGHWAY LEGISLATION HAS BEEN STALLED ON CAPITOL HILL, AT LEAST UNTIL NEXT YEAR."

INTERSTATE TO CONNECT POPULATION CENTERS

SEC. 101 PAGE 9

DEFINITIONS AND DECLARATION OF POLICY

"SINCE MANY OF SUCH HIGHWAYS, OR PORTIONS THEREOF, ARE IN FACT INADEQUATE TO MEET THE NEEDS OF LOCAL AND INTERSTATE, COMMERCE, FOR THE NATIONAL AND CIVIL DEFENSE."

"INSOFAR AS POSSIBLE IN CONSONANCE WITH THIS OBJECTIVE, EXISTING HIGHWAYS LOCATED ON AN INTERSTATE ROUTE SHALL BE USED TO THE EXTENT THAT SUCH USE IS PRACTICABLE, SUITABLE, AND FEASIBLE, IT BEING THE INTENT THAT LOCAL NEEDS, TO THE EXTENT PRACTICABLE, SUITABLE AND FEASIBLE, SHALL BE GIVEN EQUAL CONSIDERATION WITH THE NEEDS OF INTERSTATE COMMERCE."

SAFETY:

EXHIBIT B

WHY IS APPROXIMATELY $9 1/2 BILLION BEING HELD IN TRUST FUND? AND THE INTEREST BEING USED TO BALANCE THE BUDGET?

EXHIBIT A

[From Business Week, September 6, 1982]

CAPITOL HILL

What's left behind in the last-minute rush

After devoting most of this year to raising taxes and cutting federal spending programs, Congress will return from its August recess on Sept. 8 only to find that the budget still remains the paramount issue. With the leadership of both parties pressing for adjournment on Oct. 2, a host of nonbudgetary issues, many affecting business, will be deferred.

This year's crunch was the direct result of months of negotiations between the White House and Capitol Hill over the fiscal 1983 budget and of the bruising struggle between President Reagan and his own party's right wing over raising taxes. While those issues remained unsettled, no action was taken on appropriations bills even though the new fiscal year starts Oct. 1.

The need to act on appropriations in the few remaining weeks of this Congress means that all but the most critical pieces of nonspending legislation will probably fall by the wayside. A package of amendments to the Foreign Corrupt Practices Act that would permit some types of payments—short of outright bribes—to foreign officials is not expected to make it out of House committees, despite earlier Senate approval. A similar fate awaits Reagan's efforts to dismantle the Energy Dept. and a labor-backed bill that would force foreign auto makers either to build more cars here or to curtail U. S. imports sharply. A proposal to establish federal policy for cable TV also is running out of time.

Postponing action. But there are many other pending issues that Congress simply cannot ignore, since failure to pass any legislation at all would result in the death of federal programs with broad political support. In this case, the standard congressional out is simply to renew the existing law as written, postponing any effort to overhaul it.

For example, a relatively simple one-year extension seems the likely outcome of the lengthy struggle to revise the Clean Air Act, despite a last-minute drive in both houses to push through a comprehensive package of amendments. The Clean Water Act and the Insecticide, Fungicide & Rodenticide Act are other likely candidates for deferral.

Not every new initiative, however, will fall victim to lawmakers' intense desire to head home for a final month of campaigning. After years of debate, legislation that would facilitate the construction of coal slurry pipelines at last appears to have a good chance of passage, despite opposition from the railroad industry. And an Administration-backed measure that would encourage the formation of export trading companies with limited participation by banks now looks likely to be approved.

Firmer prospects. One significant piece of financial "reform" also seems destined to become law. The bill as it currently stands would shore up the net worth of the nation's beleaguered savings and loan associations, permit them to make more commercial loans, and allow thrifts and banks to offer short-term accounts to compete with money market funds.

The upcoming election could enhance the doubtful prospects of at least one measure that business badly wants. House Speaker Thomas P. O'Neill Jr. (D-Mass.) is coming under intense pressure from members of his own party to permit a floor vote on legislation overhauling the way in which the federal government issues regulations. Despite the concern of liberals that the bill would tie the hands of future Democratic Administrations, many members want to be able to cite to the voters at least one example of commitment to regulatory relief. ■

EXHIBIT B

1981

	I-90 (Mile Post Markers 530.8-553)	I-15 (Mile Post Markers 141.212-163.412)	Total for 2 - 22 mile sections
Accidents	108	234	342
Fatal Accidents	6	2	8
Injury Accidents	35	90	125
Property Damage Accidents	67	142	209
Fatalities	7	2	10
Injuries	62	143	205

[From Highway Users Federation Reporter, July 1982]

INTERSTATE COMPLETION SET

Federal Highway Administrator Ray Barnhardt has promised the nation that the Interstate Highway System will be completed, but he said the federal motor fuel tax must be doubled to pay for remaining construction and recurring maintenance.

The tax increase recommendation marked an endorsement of an earlier proposal of Transportation Secretary Drew Lewis for a hike equivalent to five cents in the federal motor fuel tax, with four cents for highways and one cent set aside for transit.

Speaking at a meeting of the Washington Highway Users Federation, Barnhart said he is convinced Congress will keep a commitment to complete the interstate "because it's important to the economy of the country."

Increasing the motor fuel tax from 4 to approximately 8 cents a gallon would raise $5.5 billion for the Highway Trust Fund, of which $2.2 billion would be returned to the states for urban and secondary roads, and $1.1 billion would be used for transit development.

Barnhart said he has declared "holy war" on preservationists and environmentalists for delaying highway projects, noting that delays in an I-90 segment in the Seattle area has increased costs 500 percent.

"We have $80 billion invested in the highway program and we're not tending to it," Barnhart said. "Our whole future is based on the highway program. Ninety percent of all we eat, wear, and produce goes over our national highway system."

He said, therefore, the Federal Highway Administration again will urge President Reagan to propose to Congress an increase in the motor fuel tax. Barnhart said he was disappointed that President Reagan was not able to pass on to Congress the earlier Department of Transportation motor fuel tax hike recommendation. He said, however, the recommendation was sidetracked because the White House decided that the priority problem was getting the cost of government under control.

Barnhart confirmed Administration endorsement of federal aid for transit equipment and capital costs, but said continuing outlays for operating costs will be frowned upon.

Secretary Lewis recently said in Senate testimony that President Reagan would veto new mass transit aid if it contains funds to help cities operate buses and trains.

He said cities should cut service and hold the line on labor contracts instead of raising fares to make up for lost operating subsidies. Cities, he said, will not commit themselves to upgrading transit facilities as long as federal funds are available for operations.

INTERSTATE
15
ELK PARK
NATIONAL
DEFENSE
HIGHWAY
BUILT IN
1932
Citizen's Committee
BOULDER

GEORGE SCHOTTE, Chairman
494-7604

MEMBERS

BLOTKAMP, R. C.
Mont. Auto. Ass'n 563-3949
BOLES, Buck
Pres. Mont. St. Chamber 442-2405
BURT, Victor
Pres. Butte Local Dev. 496-4248
COTE, John Sr.
Life Insurance 723-4378
EVANS, Linda
Evans Transfer 782-5915
HAEFFNER, Charles
Osco Drug 563-3488
JACOBSON, Judy
State Senator 723-3929
JOHNSON, Otto
Safeway Dist. Center 494-2492
KELLER, Paul
Attorney 442-0230
KISSOCK, Betty
Realtor 494-3351
LEARY, Dodge
Pres. Anaconda Local Dev. 563-3483
LEE, Darryl
Ex.Dir.-Butte LDC 782-1263
LYNCH, Neil
Attorney 782-0428
MAFFEI, Maurice A.
Attorney 782-1271
McLEAN, Dave
Attorney 563-3424
MILLER, Shag
KBOW-KOPR Radio 494-7777
MORITZ, Earl
Pres. Mont. Auto. Ass'n 538-5658
PEOPLES, Don
Chief Exec. Butte Silver Bow 723-8262
PESANTI, Bill
Garrett Freightways 782-2355
RAYMOND, John
Pres. Butte Chamber 494-5785
SOLOGUB, Joe Sr.
Rancher 494-3951
STEARNS, Hal
Journalist 442-9159
STIMATZ, Larry
State Senator 723-5493
STOKKE, Mel
Anac. Minerals Co. 563-5211
TOBIASON, Larry
Exec.V.P. Mont. Auto. Ass'n 442-5920
ULRICH, Don
Butte Silver Bow Commissioner 723-3285
WEGGENMAN, Joe
Exec.V.P. Helena Chamber 442-4120

MEMO

TO: The Honorable Steven D. Symms
Senator, State of Idaho

FROM: George B. Schotte, Chairman
I-15 Committee

George B. Schotte

DATE: September 1, 1982 -

Montana Senate Majority Leader, Stan Stephens has asked me to advise you he recently attended a meeting in Washington at which time Mr. Richard Williamson, President Regan's Assistant for Governmental Affairs advised him there is Federal money available for the completion of the Interstate Highway System.

Senator Stephens has written to Mr. Williamson asking how states can obtain these funds but has not received a reply as of today, September 1, 1982. He stated he would appreciate having you contact Mr. Williamson to get the necessary information to Senator Stephens whose address is: Senate Majority Leader, District #4 422 Third Street, Havre, MT 59501.

CC: The Honorable Ted Schwinden
Governor, State of Montana

OFFICES: Butte Local Development Corp 505 W. Park, Butte, Montana 782-1263

TESTIMONY OF WILLIAM D. HURLEY
FOR
THE UTAH DEPARTMENT OF TRANSPORTATION
BEFORE THE
TRANSPORTATION SUBCOMMITTEE
OF THE
SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
SALT LAKE CITY, UTAH
SEPTEMBER 2, 1982

Mr. Chairman, my name is William D. Hurley. I am Director of the Utah Department of Transportation and am presenting this testimony on behalf of the Department.

Mr. Chairman, neglect is a harsh word and a serious charge, but it is the only word and the only charge that aptly describes the treatment of our nation's highway system by the United States during the past decade. One of the partners in the long and traditional federal-state partnership has faltered and the void is being felt. Our highway system is threatened. Its quality and service are diminishing and a valuable capital asset is being consumed. We are spending asphalt, concrete and steel because we have been unwilling to raise and spend the dollars needed to protect and maintain our investment.

Figures produced by the U.S. Department of Transportation and the American Association of State Highway and Transportation Officials document the difference between currently available Federal revenue for highway purposes and the estimated needs on our highway systems. The U.S. DOT estimates that at least a 50% increase in revenue is needed while AASHTO places the figure at an 100% increase. The situation in Utah is not untypical of the rest of the nation.

After 26 years of effort during which every dollar available to us under the Interstate Program has been put to work we estimate a need of over $600 million to complete even the redefined System in our State. At our current apportionment level of $40 million per year it would take another 15 years without inflation to complete the System. With inflation pushing the needed amount higher each year by more than our apportionment we can, in fact, never finish the System. The Congressional Budget Office report of June, 1982, lists all remaining mileage on the System in Utah as being of national importance and of military importance to the Department of Defense. The report shows that we are second only to Louisiana in miles of important segments uncompleted but well down the list of States in the estimated cost to complete the System. Had we not, from the beginning of the Program, pursued a policy of completing the high cost sections first, our financial situation would be even worse today. Our apportionment of Interstate funds will have to be doubled if we are to complete the System in this decade.

Much of our Interstate System was constructed in the early and mid-1960's. It is now reaching its designed life. Surfaces and bridges are showing distress and need rehabilitation under the Interstate 4R Program. Traffic on many of our urban sections now exceeds the design year traffic and additional lanes and interchanges at high cost are needed to avoid conjestive failure and hazardous operating conditions. Items eliminated from the definition of construction under the regular interstate program also need to be financed.

We have no current estimate of needs on the Federal-aid Primary System within our State. All recent attempts to measure these needs have placed the estimated cost so astronomically higher than available revenues that we have given up the attempt to measure needs in the traditional manner and are now engaged in a process to define a plan for a much lower level of development that will, at least, have some possibility of accomplishment. We can state that each year the list of needed projects exceeds by many fold the $13 million available for construction or reconstruction on the FAP System where improvements cost from one to several millions of dollars per mile.

Because we are not a large waterway state and because our highway grade separations are relatively new we do not have the same bridge problems as many of the river states. However, a Bridge Program level of about $2,000,000 per year under which we now operate is ridiculous on its face even for a State like Utah. We do have several large railway bridges and many small waterway bridges that are classified as either structurally deficient or functionally obsolete.

The Federal-aid Secondary and Urban Programs are also under financed. One-half of our $4,000,000 annual Secondary apportionment is passed through to counties for improvement of local roads and for several years the State portion has been used almost exclusively for extending or improving the many connections to interchanges on the Interstate System. Farm to market and other roads on the State Secondary System have been almost totally ignored.

In the Salt Lake-Ogden urbanized area the 3-C Process has identified $400 million in needed improvements by 1995, exclusive of the Interstate System. In the Provo-Orem area the figure is $30 million for the same period. An apportionment of $5.4 million per year falls far short of the needs. If these two programs are to be passed to the States under a New Federalism concept the Federal Government should also pass to the States the equivalent of, at least, two cents of the federal tax on a gallon of fuel.

The State is one of the foremost growth States in the nation. Over 70% of the land area in Utah is federally owned and much of it is located over 25 miles from a paved highway. Energy and defense developments create demands for new roads and increase traffic on existing roads which until recently served only minor and light rural traffic. The hauling of coal and oil, synthetic fuel activities and the construction of electricity generating plants are causing large increases in heavy truck traffic on roads not designed for such use. Our most critical need has been to preserve the surfaces of our highways. The inflation in the cost of surfacing material along with the expanded use of our highways has taxed our ability to maintain and rehabilitate our highway surfaces.

Our State officials have not been lax in addressing our highway needs. Federal highway-user fees have not increased since 1959 but in 1969 our Legislature increased fuel taxes from six to seven cents per gallon and made the new revenue available to cities and counties to address their highway needs. In 1978 the State fuel tax was increased another two cents per gallon to address inflation and rehabilitation problems. In 1981 another increase of two cents was enacted bringing the tax to 11 cents per gallon, and in 1982 registration fees, truck fees, drivers license fees and special transportation fees were increased to generate the equivalent of another 1.5 cents per gallon. Because of the impact of mineral development on highway use a sum of $5 million or about 20% of the State's share of the federal mineral lease fees was also appropriated for highway rehabilitation.

Despite the increases in user-fees and the appropriation of federal mineral lease fees we are still unable to keep up with just the wear out of surfaces on our State highway system. Our recent study of pavement rehabilitation needs on State highways shows that above what is being done with federal projects and our in-house betterment program we should be letting to contract $45.6 million worth of resurfacing each year just to stay even with wear out. If we are to reduce the backlog of deficient surfaces over ten years, another $16.6 million per year or a total annual outlay of $62.2 million is needed. With all the effort made by the State to increase revenue our outlay this year will be less than $20 million for State surfacing contracts or about one-third the total needed just for surface rehabilitation on roads other than the Interstate System.

Since 1978 when revenue from State highway-user fees flattened out around $73 million per year the increases enacted have increased the revenue by nearly 60% to an estimated $116 million this fiscal year. During that same period revenue from federal fees has decreased. We are doing our share. Congress has done nothing since 1959. It should now do its share. We cannot maintain a highway system without federal assistance on the roads of national importance. We will do our share but need a vital, fully participating federal partner as we have had in the past.

We share the belief that the cost of providing and maintaining a Federal-aid Highway System should be borne by those who occasion such costs. It has been demonstrated in the Federal Highway Cost Allocation Study (HCAS) that the current structure of highway-user fees does not fairly nor equitably allocate costs among the various vehicle classes. Table I-7 of HCAS indicates that in 1977 a single unit truck of 26,000 pounds GVW paid approximately 170% of its fair share while a combination truck over 75,000 pounds GVW paid only 50% of its fair share.

The growth rates in the number of large and heavy trucks exceed those of smaller vehicles. In addition, the sizes and weights of larger trucks have increased while automobiles and light trucks have gotten smaller and lighter. This trend is projected to continue into the future. This means that large trucks will be responsible for a greater share of highway costs and ought to pay a proportionately larger share of user charges.

In the future, highway expenditures will be shifting from new construction toward resurfacing, restoration, rehabilitation and reconstruction (4-R). The HCAS points out that heavy trucks have a larger responsibility for pavement repair and reconstruction than for other highway costs.

The Federal Highway Cost Allocation Study is a comprehensive study of the costs occasioned by 38 different vehicle classes. Extensive data bases were assembled on highway costs and vehicle characteristics and a method developed for attributing occasioned costs for new construction and for repair or reconstruction of existing highways. The study appears rational, quite sophisticated and the best information currently available. Although perfect equity is not attained by the Study's recommendations and probably cannot be at a reasonable cost, the Study should be adopted and implemented as part of any increase in highway revenues. UDOT supports the AASHTO position on the Study methods.

We have not had a great deal of time to analyze the material furnished by Senator Symms, but we feel that among the alternatives suggested in the material, Alternative 2 should be rejected as it perpetuates the current inequities which cause heavy vehicles to pay less than their fair share of user costs. This alternative also makes no use of the best current knowledge on user costs and charges, the Federal Highway Cost Allocation Study. It is expected that the number of heavy vehicles will increase rapidly from the present to 1985 and the disparity between the user costs actually paid and user costs occasioned will be greater in 1985 than it is now.

Either Alternative 1 or Alternative 3 is much preferred to Alternative 2. Both 1 and 3 result in the various vehicle classes paying approximately their fair share of user costs. The use tax graduated by weight, under which heavier vehicles are charged at a rate paralleling the costs occasioned by them, is more equitable than the current flat rate.

The collection of the axle weight tax would be similar to the State vehicle registration fee and it would not be difficult to collect both fees at the same time if the axle weight tax is not related to the distances travelled by the vehicles. It would be feasible for the State to collect the Federal fee and submit the proceeds, less administrative costs, to the Federal government. The Utah Department of Transportation does not collect the fees in Utah, however, and cannot commit to such a procedure. The State Tax Commission would be the agency to make such a commitment and Legislative concurrence may also be necessary.

We have always opposed the use of taxes imposed upon highway-users being used for non-highway purposes and do have conern over the proposal to use $1 billion from user-taxes for transit. We have noted moderation in the feeling of some user groups on this matter, however, and would not oppose the proposition if adequate additional revenue were obtained to increase present highway funding levels by at least 50% and the transit uses to which the $1 billion would be directed could be shown to have the effect of reducing traffic on the highway systems supported by federal highway funds.

We would support the elimination of current exemptions. If the structure of highway-user fees is to be changed toward a fairer and more equitable design no user should be exempted from paying his fair share.

Elimination of the excise tax on inner tubes and on oil, as shown in Alternative 3, was recommended in the HCAS and the justifications given seems persuasive.

Mr. Chairman, the need for additional revenue for highway improvements is urgent. Congress should proceed immediately to use the information in the HCAS and revise the federal highway taxing structure. Obviously, there will be differences of opinion over some of the conclusions of the Study and these differences will have to be resolved through the political process. The consequences of delay will be more serious than the problems arising from moving ahead with what is available. We urge an early and adequate resolution of the matter.

STATEMENT

BEFORE THE TRANSPORTATION SUBCOMMITTEE

OF THE

SENATE ENVIRONMENT & PUBLIC WORKS COMMITTEE

ON HIGHWAY NEEDS AND REVENUES,

Salt Lake City, Utah
September 2, 1982

by

Jack Kinstlinger, Executive Director
Colorado Department of Highways

I. INTRODUCTION

Thank you Mr. Chairman and members of the subcommittee. My name is Jack Kinstlinger, Executive Director of the Colorado Department of Highways. My remarks will reflect the condition and needs of Colorado's highway system and the implications of the federal and Colorado cost allocation studies.

II. CONDITION OF COLORADO'S HIGHWAYS

Highway agencies throughout the United States are encountering severe financial problems as maintenance and construction costs rise while reduced travel and increased vehicle fuel efficiency cut deeply into fuel tax revenues. Colorado is no exception to this trend. Based upon the present serviceability index (PSI), a recognized index of pavement condition, in 1977, 26 percent of Colorado state highways were rated substandard; by 1981, that figure had jumped to almost 40 percent. (Please refer to the attached bar graph on PSI ratings from 1977 to 1981.)

On the Interstate system alone, the percentage of poor roadway doubled during that time period, from 13 percent to 25 percent. The ratings of other highways further reflect this deterioration: substandard pavement on the federal-aid primary system has increased to 36 percent; on the federal-aid secondary system, 47 percent; on the federal-aid urban system, 54 percent; and on the non-federal-aid system, 61 percent. Each year, 325 more miles of state roads fall into the poor category.

The causes of this deterioration are multifold. Many of these highways were designed with a 20-year design life. They are now nearing the end of or have already surpassed that design life. Without consistent, adequate funding for repair and rehabilitation, such decay is inevitable.

The pavement was also designed for an estimated level of traffic. In Colorado, the phenomenal growth of the state far exceeded expectations. Heavy truck traffic has increased 76 percent in ten years; the mileage travelled by these trucks has increased 124 percent. Due to the economy, the rising costs of fuel, and the need to operate efficiently, trucks that travelled partially full several years ago are now travelling over the highways as close to capacity as possible. These increased axle weights were not anticipated in highway design.

This situation has been exacerbated by the growing energy industry in Colorado. In areas of the state where the development of oil shale, coal, or other minerals is proceeding, the heavy and overweight equipment that is needed for that development is damaging state and county roads and bridges. Already there are 47 load-posted bridges on the state highway system and an estimated 1900 off the state system. Fully 286 on-system and 2326 off-system bridges in Colorado are considered deficient by federal standards.

In response to this situation, the Department is reevaluating its overweight permit process to route overweight vehicles over structures that are still capable of handling the excessive weight. However, there are areas of the state where viable routes will not even be available due to the decay of our bridges. The situation on county roads, where higher legal loads are allowed, is even more pessimistic.

According to a recent report issued by The Road Information Program (TRIP), if 77 percent of Colorado's paved roads (state and local) are not resurfaced soon, it could cost an additional $6.69 billion at today's prices to rebuild those roads. In fact, 1,277 miles of road already in "poor" condition must be reconstructed at a cost of $766.2 million. These roads could have been resurfaced a few years ago when they were still in "fair" condition for one-tenth the cost. A copy of this report is attached.

III. NEEDS VERSUS REVENUES

State funding for the Colorado Department of Highways comes from the Highway Users Tax Fund (HUTF). The Department's share of this fund is estimated to be $130 million in FY 1983. Federal funding for all federal programs is estimated to be $150 million in FY 1983.

Of the state HUTF amount, the bulk of funding is designated for highway maintenance, such as snow and ice removal, sealing, and patching. The remainder is used to match federal funds and for additional resurfacing and repair.

The Department estimates that in order to improve state roads only to the 1977 level, an additional $19 million is needed annually for a five-year program. To bring those same roads up to full standards, the Department would need an additional $50 million annually. Further, the Department has estimated that it will need $25 million annually to construct several previously planned projects on the federal-aid primary system that are vital due to Colorado's growth but for which funds have not been available. Bridge repair is estimated at almost $200 million, and there is a need for some 70 rail-highway grade separations at an average cost of $4.5 million each.

Interstate completion would cost an estimated $600 million, including a 12-mile section through Glenwood Canyon. Construction of a parkway linking Denver's two major Interstate routes has also begun. This highway, Centennial Parkway or Colorado 470, is funded by the Interstate Transfer program, but sufficient funding for this program has not been forthcoming. In the meantime, the cost of construction and the cost of acquiring rights-of-way in an urban growth area keep rising.

In order to help meet its needs, the Colorado Department of Highways is recommending a five-cent increase in the nine-cent per gallon state gas tax and a 70 percent increase in the gross ton mile tax. This increase would just meet the state's basic repair and resurfacing needs to bring roads up to the 1977 level and construct essential primary projects. Without such additional funding, Colorado will not be able to match federal funds by FY 1984 unless it decreases present maintenance activities. Without any additional funding, state or federal, the only option Colorado and other states will have is to allow the nation's roads to fall into a state of disrepair.

IV. THE COLORADO COST ALLOCATION STUDY

Recent events nationally and in Colorado have combined to produce significant changes in highway costs and highway usage. The most significant of these factors nationally have been inflation, fuel shortages, price increases, increased vehicle fuel efficiency, and increased truck weight limits. Colorado has been influenced by these national events and, additionally, has witnessed recent changes to its highway users tax structure. These events may have resulted in a shift of the relative allocation of costs for highway maintenance, construction, and repair by the various classes of highway users. Evaluation of the assignment of highway costs is, therefore, appropriate now.

In response to this issue, the Colorado State Highway Commission authorized the Department to conduct a highway cost allocation study, a copy of which is attached. The purpose of the study was to evaluate the contributions by the two vehicle classes to the Highway Users Tax Fund as compared with the relative cost responsibility which is attributable to each vehicle class.

The two vehicle classes used for the study were defined as "basic vehicles" and "heavy vehicles." Basic vehicles are those vehicles weighing 10,000 pounds or less, consisting of automobiles and small load-carrying vehicles. Heavy vehicles are those trucks and buses weighing over 10,000 pounds. The heavy vehicle analysis was conducted on a 10,000-pound incremental basis up to an increment of 80,001 pounds and over.

For the purpose of this analysis, cost responsibility is considered to represent the relative share of the HUTF each vehicle class should pay based upon the proportion of the road costs, construction, and maintenance generated by each class. This analysis was based on the philosophy that those who use the public roads should pay their proportionate share for them.

The relative contributions to the HUTF by vehicle classes were compared to the relative cost responsibility of those vehicle classes. The results of the Colorado Cost Allocation Study reveal that heavy vehicles are not paying their proportionate share to the HUTF, and that contributions by heavy vehicles should be adjusted to an equitable level based on cost responsibility. Specifically, heavy vehicles in excess of 40,000 pounds contribute only 23% of the HUTF while being responsible for 32% of HUTF expenditures.

V. COMMENTS ON ALLOCATION OPTIONS

After comparing the results of the Colorado Highway Cost Allocation Study with the allocation options presented by the Transportation Subcommittee of the Senate Environment and Public Works Committee which were derived from the National Highway Cost Allocation Study, it appears that Alternative One reflects the most appropriate option for national policy. Even though the methodologies used in the National Highway Cost Allocation Study and the Colorado Cost Allocation Study differ, results of both are reasonably close in attributable cost responsibility for automobile and truck classes.

The substantial increase in revenues raised by increasing the taxes on gasoline and diesel fuel as well as taxes on tires, tread rubber, truck ports, and truck sales associated with Alternative One are neither arbitrary nor capricious but are necessary to confront a rapidly deteriorating national highway system. The incremental increase in the use tax on trucks reasonably reflects the wear and tear on the highway system associated with increased vehicle size and weight.

In regard to using urban vehicle miles of travel to raise $1.0 billion of the total $12.7 billion, we cannot comment at this time because we do not know the rationale used for this plan.

VI. FEDERAL APPORTIONMENT FORMULAS

Colorado is also very much concerned about several recent proposals before Congress to change federal apportionment formulas. These proposals, contained in H.R. 6211, would base Interstate 4R and primary funding on factors more associated with high population centers and less associated with the number of miles of highway or cost of repair. Colorado, a large state with a low population density, has higher-than-average highway costs due to its mountainous terrain, extremes of climate, and energy industry. The state will be severely penalized by such formula changes.

For example, Interstate 4R funds are presently apportioned on the basis of lane miles (55 percent) and vehicle miles travelled (45 percent). The proposal would have changed that formula to one based equally on vehicle miles travelled, gasoline consumption, and diesel fuel consumption -- factors that reward states with high populations and increased fuel consumption. Colorado would lose almost one-third of its funding under this formula.

The proposed change in the primary formula to rural population under 5,000 (50 percent) and urban population over 5,000 (50 percent) will cost Colorado $8.7 million in the first year the bill is in effect. We strongly urge your opposition to such changes.

VII. CONCLUSIONS

Colorado's highway needs in 1982 do not differ significantly from those of other states. How do we maintain a deteriorating infrastructure with the available revenues? The only apparent conclusion is that we cannot -- it is an impossible task. Additional funding must be made available to state highway and transportation departments before deterioration accelerates to a point at which repair expands into total reconstruction.

Thank you for this opportunity to speak to the subcommittee. I will be happy to answer any questions.

SAVINGS FROM TIMELY RESURFACING OF PUBLIC ROADS IN COLORADO

May 1982

Prepared By

THE ROAD INFORMATION PROGRAM
1899 L Street, N.W., Suite 401
Washington, D.C. 20036
(202) 466-6706

for

COLORADO CONTRACTORS ASSOCIATION, INC.
P.O. Box 22106
1451 S. Ash Street
Denver, CO 80222
(303) 756-9451

The Road Information Program (TRIP) of Washington, D.C. researches, evaluates and distributes economic and technical data on transportation issues. TRIP is a non-profit agency sponsored by insurance companies, motor vehicle manufacturers, energy companies, highway contractors, construction equipment manufacturers and suppliers, and businesses involved in highway engineering, construction and financing.

Summary of Findings

-- If 77 percent of Colorado's paved main roads are not resurfaced soon it could cost the state an extra $6.69 billion at today's prices to rebuild the roads. That amount is equal to $3,263 for each of the state's 2.05 million drivers.

-- Resurfacing these 12,393 miles of main roads within the next eight years would cost an estimated $743.6 million, compared with a cost of $7.43 billion required for reconstruction after they deteriorate to "poor" condition -- a $6.69 billion savings.

-- As it is, another 1,277 miles of roads already in "poor" condition must be reconstructed at a cost of $766.2 million. These roads could have been resurfaced a few years ago when they were still in "fair" condition at a cost of only $76.6 million, or $689.6 million less.

-- TRIP recommends an eight-year $92.95 million-a-year resurfacing program to save the 12,393 miles of "fair"-rated roads.

-- A $92.95 million-a-year resurfacing program would create an estimated 2,443 construction and related industry jobs, generating $42.8 million in wages and producing $6.7 million in state and federal income taxes. Corporate expenditures would amount to an estimated $50.1 million.

-- The condition of Colorado's roads would be even worse were it not for the continuing efforts of state and local road agencies to achieve maximum possible improvement in recent years under extremely limited budgets. Any blame for the condition of Colorado's roads should be placed on inadequate funding, not on the state or local road agencies.

-- Findings are based on data from the Colorado Department of Highways, the U.S. Departments of Transportation and Labor and other government and private agencies.

Colorado's Road System

This study involves Colorado's 16,073 miles of arterial and collector roads under state, county and local jurisdictions. These roads make up 19.8 percent of the state's total road system but handle 88.4 percent of the total traffic volume.

Traffic Volume

In 1980, traffic volume on Colorado's roads and streets increased 13.5 percent over 1979, according to the Department of Highways and reports submitted to the Federal Highway Administration. Preliminary reports in Colorado for 1981 show a slight increase (1.4 percent) in traffic volume on all roads.

However, even if annual travel in the state continues to increase, total fuel consumption is not expected to increase at a comparable rate because of wider use of small economy cars, engines that are more fuel-efficient, and continuation of the 55-mph speed limit.

Funding Concerns

Highway departments across the country, including Colorado's, are suffering severe shortfalls in funding which are limiting their abilities to respond to road needs. The following factors are widening the highway funding gap:

-- Continued heavy use of the highway system is expected to expand road repair needs.

-- Improvements in motor vehicle fuel economy are diminishing gasoline tax revenues, the primary source of highway funding.

-- Highway revenues generally fail to escalate at the same rate as the costs of the highway needs that they fund.

-- Road construction and renewal costs have more than doubled in Colorado in the past 10 years.

-- Today's roads and highways are subject to more rigorous design, engineering and safety standards than in the past, adding to construction costs.

-- Environmental and other governmental regulations inflate construction costs by enlarging administrative and legal workloads.

Extent of Road Deficiency

The standard for determining road pavement deficiency used in this study is the Present Serviceability Index (PSI), used by state and federal highway planners to assess current road needs and to estimate future requirements under the federal-aid highway program.

The index has a numerical scope of 0 to 5, ranging from "very poor" to "very good." It was developed by the American Association of State Highway and Transportation Officials (AASHTO) and is published in the National Transportation Planning Study Manual of the U.S. Department of Transportation.

The pavement on "poor" roads is characterized as badly cracked, rutted or broken in most places. Riding quality on roads rated "poor" or "very poor" is considered "intolerable" by AASHTO standards. These extremely deficient roads require total reconstruction.

"Fair"-rated roads, less seriously deficient than "poor"-rated roads but noticeably inferior to new pavement, are characterized as cracked, rutted or broken in many places. Riding quality on these roads is barely tolerable for traffic at legal speed limits.

An estimated 1,277 miles of Colorado's paved main roads are rated "poor" or "very poor" by AASHTO standards. Another 12,393 miles are rated "fair." Both categories are considered "deficient" by AASHTO standards.

Although physical characteristics such as grade and curvature make some sections of roads deficient by AASHTO standards, this study is concerned primarily with pavement condition.

The condition of Colorado's roads would be even worse were it not for the continuing efforts of the state Department of Highways and local road agencies to achieve maximum possible improvement in recent years under extremely limited budgets.

Pavement Deterioration

The average road pavement lasts about 16.2 years, an estimate based on studies in 19 states conducted by the Federal Highway Administration. Of the total miles of pavement surveyed by the government, 96.2 percent was constructed of bituminous asphalt and 3.8 percent was cement concrete. Based on the percentage of different construction materials used on the roads involved, the average life span is 16.2 years.

The rate of pavement deterioration can best be described in terms of the Present Serviceability Index (PSI), which is explained on page 3. The pavement studies showed that a new road pavement deteriorates more slowly in the "good" category, then falls increasingly more rapidly through the "fair" to "poor" and "very poor" ranges.

A "poor"-rated road surface is too deteriorated to adequately handle existing traffic. Unless it is reconstructed, the pavement rapidly degenerates to "very poor" condition. At this point a road is barely passable.

To avoid costly reconstruction, pavement must be resurfaced while it still is "fair." Road surfaces rated "fair" typically deteriorate to "poor" condition within eight years, unless resurfaced.

In Colorado, the estimated 12,393 miles of paved roads currently ranked in the "fair" range should be resurfaced before they deteriorate to "poor" condition. If this road pavement is not resurfaced while it still is in "fair" condition, it will lose its basic structural strength and will require reconstruction.

According to federal pavement performance standards, periodic resurfacing of pavement before the surface deteriorates to "poor" condition can extend pavement life indefinitely and virtually eliminate the need for costly reconstruction.

Recommendations and Cost Savings

TRIP recommends that the 12,393 miles of "fair" roads in the state be resurfaced at an estimated cost of $743.6 million in today's dollars, based on an average cost per mile of $60,000. Resurfacing entails covering the existing deteriorated surface (two 11-foot wide lanes) with a two-to-four-inch layer of asphalt, plus any necessary road shoulder paving or grading, guardrail repair and installation, or drainage work.

If this "fair" mileage is not resurfaced before it deteriorates to "poor" condition, it will then have to be reconstructed at an estimated cost of $7.43 billion or $600,000 per mile.

This cost per mile includes removing all or part of the old pavement, laying a new base and pavement, widening lanes, grading, shoulder work and some new alignment. (This estimate can be influenced by a number of variables, including road work in mountainous terrain, the number of lanes, and labor and material costs.)

Timely resurfacing would save $6.69 billion -- equivalent to $3,263 for each of the state's 2.05 million drivers.

TRIP's recommended program to catch up on resurfacing needs on Colorado's roads would cost an average of $92.95 million a year for the next eight years (a total of $743.6 million). This conservative estimate does not take into consideration the uncertain rate of inflation or further road deterioration.

Not included in TRIP's recommended resurfacing program is an estimated $766.2 million to reconstruct the 1,277 miles of main roads that have already deteriorated into "poor" condition.

Had these miles been resurfaced several years ago, before reconstruction became necessary, it would have cost an estimated $76.6 million -- $689.6 million savings.

Economic Benefits

If all the road resurfacing work is contracted out, the recommended $92.95 million-a-year road improvement program from now through 1990 would generate 2,443 construction jobs and jobs in the related fields of equipment manufacture and supply, and materials production and transportation throughout the state.

The 2,443 jobs created by a $92.95 million-a-year resurfacing program would produce $42.83 million in wages, including $6.72 million in state and federal income taxes. Corporate expenditures for supplies, materials and other items would amount to an estimated $50.12 million.

At present, the unemployment rate in the construction industry in Colorado is 15.7 percent, compared with a 6.5 percent overall unemployment rate statewide.

Another benefit to the state would come in the form of the "multiplier effect", which involves the generation of an estimated 3,410 "induced" jobs -- jobs caused by increased activity in the construction industry. The multiplier effect increases sales and employment (with a comparable increase in tax revenue to the state) in retail stores, restaurants and other unrelated businesses that operate near the construction activity and its workers.

##

FOR FURTHER INFORMATION CONTACT: Judy Finney
Research Director
(202) 466-6706

Truck Alloc Study

STATE OF COLORADO

DEPARTMENT OF HIGHWAYS

4201 East Arkansas Ave.
Denver, Colorado 80222
(303) 757-9011

January 29, 1982

Mr. Earl Wennergren
President
Colorado Motor Carriers' Association
4060 Elati Street
Denver, Colorado 80216

Dear Mr. Wennergren:

We have completed our review of the trucking industry's responses to the Colorado Highway Cost Allocation Study, provided by the American Trucking Associations (ATA) and the Western Highway Institute (WHI). The responses were well prepared and quite comprehensive, especially the WHI critique. They raised a number of significant points, each of which we have thoroughly considered and will address in this response.

Several of the points raised pertained strictly to the Oregon methodology, so we requested the assistance of the Oregon DOT staff who thoroughly investigated the computer algorithm in order to respond the concerns identified. Two of the points raised by WHI did indeed identify problems with the Oregon methodology, which illustrates the extent and quality of the WHI review.

In response to the concerns raised by your industry's review of the report and our reconsideration of the cost responsibility assignment of publicly owned heavy vehicles, we have recomputed the cost responsibility of heavy vehicles to be 32.2%, a 4.8% reduction from the preliminary results. The details of the individual modifications which resulted from points identified by ATA and WHI are set forth later in this response in the detailed point by point discussion of the concerns your industry raised.

Before discussing the specific concerns, we feel some items pertaining to the study should be restated:

1. The decision to utilize the Oregon methodology with some revisions was approved without exception by the Advisory Committee so that the study could be completed at a minimal cost in the desired time frame.

2. A number of the significant assumptions necessary to utilize the methodology were also approved by the Advisory Committee.

3. The analysis conducted differed from the 1980 Oregon analysis in six significant areas:

    a. The Oregon study analyzed a five year period, 1981-1985. The Colorado analysis was conducted on a one year basis, reflecting receipts for Fiscal Year 1980-1981 and expenditures for calendar year 1979.

b. The Oregon study considered three alternative budget levels for the five-year time period. The Colorado analysis was based on the expenditure level for calendar year 1979.

c. The Oregon study did not include analysis of expenditures for the State Police because such activities are no longer financed from the Oregon highway fund. The Colorado analysis includes State Highway Patrol expenditures (some 18 million dollars) since the agency is presently funded from the HUTF. This difference results in a reduction of over 3% in cost responsibility assigned to heavy vehicles.

d. The Oregon study examines the issue of subsidy of farm and publicly-owned vehicles by all other vehicle classes. The Colorado analysis did not address the subsidy issue as it pertains to farm and military vehicles.

e. The Oregon study was based on the assumption that 10% of surface maintenance expense is attributable to weather alone. The Colorado analysis used a 20% factor for weather due to the severity of the Colorado winters.

f. The Oregon study analysis was conducted on the basis of 2,000 pound gross weight increments. The Colorado analysis utilized a 10,000 pound increment instead.

Several of the criticisms voiced by your industry pertain directly to the above items, all of which were established during the initial phases of the study with the concurrence of the Advisory Committee.

The ATA and WHI responses raised a number of significant points, all of which have been thoroughly considered and are addressed point-by-point in the following paragraphs.

First we will discuss the ATA response, which was prepared by Mr. John L. Reith, Director of the Department of Interstate Cooperation. In his remarks, Mr. Reith emphasized the findings of the two recently released studies prepared for ATA by CounselTrans, Inc. and the Texas Transportation Institute. The primary concerns were (1) the use of equivalent single axles loads (ESAL's) to determine the deterioration impact of heavy vehicles, and (2) reliance on the American Association of State Highway Officials (AASHO) road test results, particularly the pavement damage formula.

These two reports are currently being reviewed on a national basis. Initial reaction has been that the reports do not present valid results because the analyses ignored the interactive effects of environmental and axle weight factors which contribute significantly to pavement deterioration. Furthermore, several independent studies have confirmed the AASHO road test results. Consequently, we feel there is no basis for modifying our Colorado Highway Cost Allocation Study results on the basis of the findings of the two recent ATA studies.

Mr. Reith also expressed concern that the methodology assigns 35% of bridge maintenance costs and 40% of sanding costs to heavy vehicles. We reevaluated the cost assignment percentages as they pertain to the Colorado experience. We feel 35% assigned to heavy vehicles is appropriate for bridge maintenance costs. However, with the concurrence of our maintenance staff, we agree that sanding expenditures should be treated as a part of snow and ice removal expenditures, and therefore assigned on the basis of vehicle miles of travel. The net effect of not assigning 40% of sanding costs to heavy vehicles is to reduce the overall cost responsibility of heavy vehicles by 1.7%. This change will be reflected in the final version of the study report.

The final significant point made by Mr. Reith was to raise concern over our inclusion in the report of a comparison of results with other states' cost allocation studies. He contended that comparison of these results was "highly misleading" because our definition of "basic vehicle" included vehicles weighing less than 10,000 pounds rather than 6,000 pounds. He concluded that "...if a proper comparison could be made, the Colorado 'Heavy Vehicle' responsibility would probably be higher than that shown for any state, including Oregon." The 1980 Oregon results showed a 45% cost responsibility for heavy vehicles. Of that amount, the cost responsibility for the 6,000-10,000 pound interval was less than 0.7%, clearly not a significant amount. We therefore reject Mr. Reith's claims that the comparison of results was "highly misleading".

We would now like to move on to the WHI response prepared by Mr. Ken Heald, who compiled a quite comprehensive critique of the study results. The first two significant points raised by Mr. Heald are the two standard trucking industry agruments against the incremental methodology. The first argument contends that the method of computing increments of cost for pavement maintenance would be appropriate if only maintenance were being considered, but that use of the method is not defensible if responsibility for construction expenditures is also allocated incrementally. The point here is essentially that allocating both construction and maintenance expenditures incrementally is in essence "double charging" the trucking industry. We reject this argument. The fact is that it costs the public first to build a road or bridge, and second to maintain it. We contend that highway users should contribute to both costs on an equitable basis.

The second standard argument pertains to the AASHO road test, contending that basing a cost responsibility analysis on AASHO road test results is not valid. WHI expressed several concerns over use of various aspects of the test results in this analysis. Our response to these concerns is that the AASHO road test has served as the basis for highway design and maintenance for some 20 years on a national basis. Furthermore, as stated earlier in this response, several independent studies (conducted by California, Kentucky, Minnesota, Ontario, the Corps of Engineers, and The Asphalt Institute to name a few) have confirmed the AASHO road test results. Hence study results will not be modified on the basis of these concerns.

WHI had one additional concern with the methodology, contending that the handling of the maintenance costs is not consistent with the incremental methodology for cost allocation. Oregon DOT staff members dispute this claim, assuring us that the methodology does appropriately allocate maintenance costs incrementally.

Mr. Heald also commented on our assignment of HUTF contributions to the various weight classes, being specifically concerned with the assignment of license and registration fees on the basis of declared maximum gross weight. The effect of this assignment is to allocate a large portion of the fees to the "over 80,000" pound weight class. However, the net effect of this method of assignment is minimal, the comparison of contributions to cost responsibility for this weight class being 0.3% revenue contributions compared to 1.8% cost responsibility, a factor of 6 to 1. With the cost responsibility being six times greater than the contributions, the final results would have been essentially the same even if an adjustment had been made for allocation of registration fees for the "over 80,000" pound weight class.

A more general WHI comment related to HUTF contributions was "...it is quite obvious that the Colorado revenue data reporting systems are not geared to respond to the demanding requirements of a highway cost allocation analysis based on even relatively large gross weight intervals." We believe the data used to be reliable and cannot respond to this comment that did not elaborate on the reasons for the purported deficiencies.

The primary focus of Mr. Heald's remarks was the area of procedural mechanics wherein he presented a quite comprehensive analysis of four potential problem areas. The concren expressed was that the computerized procedure used to allocate the predetermined costs (both construction and maintenance) was based on two calculations; first, the relationships given as input for six axle weight groups, and then the cost responsibility for each of the twenty-five 1,000-pound axle weight intervals. The computation on the basis of the 25 intervals is far more accurate, but does produce a slight inconsistency as compared to the first calculation. The Oregon DOT staff agrees that a programming modification to correct this inconsistency is appropriate. Our position on the matter is that we used the more accurate calculation, so we will make no changes based on this factor.

The parallel concern regarding the gross weight intervals was also raised. Again, his determination is accurate as the same situation exists for the gross weight intervals as for the axle weight intervals. Similarly, a programming modification to correct this inconsistency is appropriate, but we are using the most accurate results for the study purposes and will make no changes based on this factor.

Mr. Heald's analysis was detailed enough to identify two inconsistencies in the area of non-weight responsibility determination. These inconsistencies existed in the assignment of expenditures in the Federal Aid Construction - Primary Rural category and in the assignment of "other expenditures" to heavy vehicles. Correction of these inconsistencies resulted in a net reduction of the overall cost responsibility of heavy vehicles of 1.0%. The final version of the study report will incoporate the effect of this modification.

Mr. Heald's comprehensive review identified one additional significant problem area in the Oregon methodology. The problem identified was that the allocation of maintenance costs to axle weights in the 0-2,000 pound range was understated. Mr. Heald noted that the assignment factor for maintenance costs allocated to the 0-2,000 pound range should be 1.000, the same factor as utilized for the 2,000-3,000 pound interval. This 1.000 value implies full-unit participation in the first increment costs. Hence, any value less than 1.000 is not valid. The Oregon DOT staff agrees that the computer algorithm is incorrect, and determined that a programming modification to correct this error is appropriate. The net effect of correcting this deficiency is to decrease the overall cost responsibility assigned to heavy vehicles by 0.7%. This modification will also be reflected in the final version of the study report.

This concludes our remarks pertaining to the ATA and WHI responses to the Colorado Highway Cost Allocation Study report. The net effect of the modifications we made to the analysis based on comments made by the trucking industry was to reduce the heavy vehicle cost responsibility by 3.4%, from 37.0% to 33.6%. Furthermore, we reconsidered the handling of cost reponsibility assignable to publicly owned heavy vehicles (vehicles which pay no taxes). We feel it is appropriate to deduct the cost responsibility of these vehicles, which amounts to 1.4%, from the total heavy vehicle responsibility. Therefore, the final heavy vehicle responsibility has been reduced to 32.2%, a 4.8% reduction from the preliminary results. We will incorporate all modifications identified in this response in the final version of the study report.

Before closing, we feel this is an appropriate time to address two significant factors related to the cost allocation analysis which were handled in a manner that benefited the trucking industry.

1. The effect of the two cent per gallon increase in motor fuel tax which was effective July 2, 1981 was not considered in the analysis of the HUTF contribution presented in the report. Such an analysis shows that if the fuel tax had been nine cents during the analysis period of fiscal year 1981, the contribution by heavy vehicles to the HUTF would have been reduced by 1.5%, from 23.0% to 21.5%

2. The method by which the category of miscellaneous contributions to the HUTF was distributed between basic vehicles and heavy vehicles undoubtedly benefited the trucking industry. The distribution between basic vehicles and heavy vehicles was based on figures published in your organization's 1980 edition of "Freight Moves". Of the 31.4% of miscellaneous contributions assigned to heavy vehicles, an undetermined but undoubtedly signficant portion was contributed by pickups which you classified as "trucks". These contributions very likely amounted to something on the order of $2-$4 million. Had data been available to properly assign these miscellaneous contributions to the basic vehicle category, the overall percentage of heavy vehicle contributions to the HUTF would have quite possibly been reduced by 1%-2%.

This concludes our response to the remarks provided by ATA and WHI in representation of the trucking industry. As had been discussed by the Advisory Committee, these comments will be included as an appendix in the final study report and report conclusions will be modified appropriately. Thank you for your significant contribution to the Colorado Highway Cost Allocation Study report.

Very truly yours,

JACK KINSTLINGER
Executive Director

1981

HIGHWAY COST ALLOCATION STUDY

DRAFT

FINAL REPORT

Prepared for

Colorado State Highway Commission

Colorado Department of Highways

October 1981

[The attached pages have been excerpted from the above named report. The entire report has been retained in the committee files.]

REPORT SUMMARY

Introduction

Recent events nationally and in Colorado have combined to produce significant changes in highway costs and highway usage. The most significant of these factors nationally have been inflation, fuel shortages and price increases, increased vehicle fuel efficiency, and increased truck weight limits. Colorado has been influenced by these national events and additionally, has witnessed recent changes to its highway users tax structure. These events may have resulted in a shift of the relative allocation of costs for highway maintenance, construction and repair caused by the various classes of highway users. Therefore, evaluation of the assignment of highway costs is appropriate at this point in time.

In response to this issue, on June 18, 1981, the State Highway Commission authorized a Highway Cost Allocation Study to be conducted. The purpose of the study was to evaluate the contributions the various vehicle classes are paying to the Highway Users Tax Fund (HUTF) against the relative cost responsibility toward the highway system which is attributable to each vehicle class.

The two vehicle classes utilized for the purpose of this study were defined as "basic vehicles" and "heavy vehicles." Basic vehicles are those vehicles weighing 10,000 pounds or less, consisting of automobiles and small load-carrying vehicles. Heavy vehicles are those trucks and buses weighing over 10,000 pounds. The heavy vehicle analysis was conducted on a 10,000 pound incremental basis up to an increment of 80,001 pounds and over.

For the purpose of this analysis, cost responsibility is considered to represent the relative share of the HUTF each of the vehicle classes should pay, based upon the proportion of the road costs, construction and maintenance, occasioned by each of the vehicle classes. This type of analysis was conducted based upon the philosophy that those who use the public roads should pay their proportionate share for them.

The scope of the study was limited to conducting an analysis of user contributions versus responsibility using the most current information available. Specifically, the user contributions to the HUTF were developed for fiscal year 1981 (July 1, 1980 - June 30, 1981) in order to include the full impact of the portion of the Sales and Use Tax which is now being contributed to the HUTF. The cost responsibility analysis was developed for calendar year 1979, as not all data required for the analysis was available for a later period.

In order to provide guidance to the Department of Highways staff that conducted the Highway Cost Allocation Study, an Advisory Committee was established when the study was initiated. Those who served as committee members are listed at the end of this summary. The Colorado State Highway Commission and the Department of Highways staff wish to recognize the contribution this Advisory Committee made to the Cost Allocation Study.

Results

The relative contributions to the HUTF made by the various vehicle classes are compared to the relative cost responsibility of those vehicle classes in the following table:

Vehicle Class	% Contributions to HUTF	Cost Responsibility
Basic Vehicles (≤ 10,000 lbs)	77.0%	63.0%
10,001 - 20,000 lbs.	2.4%	2.4%
20,001 - 30,000 lbs.	4.5%	5.4%
30,001 - 40,000 lbs.	2.1%	1.7%
40,001 - 50,000 lbs.	0.8%	1.6%
50,001 - 60,000 lbs.	0.8%	2.3%
60,001 - 70,000 lbs.	0.5%	0.9%
70,001 - 80,000 lbs.	11.6%	20.9%
OVER 80,000 lbs.	0.3%	1.8%

The overall results for the primary vehicle classes, basic vehicles and heavy vehicles, show that heavy vehicles contribute 23% of the HUTF while being responsible for 37% of the HUTF expenditures.

Conclusion

The results of the Highway Cost Allocation Study show that heavy vehicles are not paying their proportionate share to the HUTF, and that contributions by heavy vehicles should be adjusted to an equitable level based on cost responsibility.

TESTIMONY FOR THE MEETING OF THE
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
TRANSPORTATION SUBCOMMITTEE

ON SEPTEMBER 2, 1982

AT SALT LAKE CITY, UTAH

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, LADIES AND GENTLEMEN:

BEFORE I BEGIN MY TESTIMONY, I WOULD LIKE TO EXPRESS MY APPRECIATION FOR THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE AND SPEAK IN BEHALF OF THE STATE OF NEW MEXICO.

HIGHWAYS REPRESENT AN ESSENTIAL PART OF NEW MEXICO'S ECONOMY. HIGHWAYS MOVE THE MAJOR PORTION OF GOODS AND PEOPLE THROUGHOUT THE STATE AND THEREBY PLAY AN IMPORTANT ROLE IN INFLUENCING NEW MEXICO'S GROWTH. HIGHWAYS ALSO DETERMINE THE QUALITY OF OUR GROWTH BY INFLUENCING LAND-USE PATTERNS. GOOD HIGHWAYS ALLOW VEHICLES TO MOVE SMOOTHLY RESULTING IN REDUCED FUEL CONSUMPTION AND MORE ROAD USER BENEFITS. IF HIGHWAY CONSTRUCTION PROGRAMS ARE NOT MAINTAINED, ALL SECTORS OF NEW MEXICO'S ECONOMY WILL SUFFER.

BEFORE 1912, THE NEW MEXICO TERRITORY HAD NO CO-ORDINATED ROAD SYSTEM. THE TERRITORIAL LEGISLATURE HAD GIVEN SOME THOUGHT TO CREATING A MAJOR NORTH-SOUTH ROUTE BETWEEN LAS CRUCES AND RATON, TO BE DESIGNATED EL CAMINO REAL, BUT SO LITTLE MONEY WAS PROVIDED FOR CONSTRUCTION, VERY LITTLE WORK ON THE PROPOSED HIGHWAY WAS ACTUALLY ACCOMPLISHED. FOR THE MOST PART, INDIVIDUAL COUNTIES AND COMMUNITIES SPENT WHAT FUNDS THEY HAD TO BUILD SHORT STRETCHES OF ROADS IN THEIR IMMEDIATE VICINITIES, AND IT WAS IMPOSSIBLE TO TRAVEL FROM ONE AREA TO ANOTHER WITH ANY DEGREE OF SAFETY OR COMFORT. IN MANY CASES, IT WAS EVEN A MATTER OF "YOU JUST CAN'T GET THERE FROM HERE."

THE ORIGINAL STATE HIGHWAY COMMISSION AND THE FIRST STATE HIGHWAY ENGINEER REALIZED THAT NEW MEXICO WOULD NEVER DEVELOP OR PROSPER WITHOUT AN INTEGRATED ROAD SYSTEM. IT WAS VITAL TO ECONOMIC PROGRESS TO PROVIDE MEANS FOR THE FREE FLOW OF GOODS AND PEOPLE BETWEEN DIFFERENT AREAS OF THE STATE, AS WELL AS WITHIN LOCALIZED AREAS.

CONSEQUENTLY, ONE OF THE FIRST ACTIONS OF THE NEW COMMISSION WAS TO ESTABLISH SUCH A STATE HIGHWAY SYSTEM. INITIALLY, IT WAS PLANNED THAT THIS SYSTEM WOULD INCLUDE SOME 4,000 MILES OF ROADS THROUGHOUT THE STATE -- A TOTAL MILEAGE WHICH WAS FELT WOULD BE QUITE ADEQUATE TO MEET ALL NEEDS. OF COURSE, THERE WERE ONLY 970 REGISTERED VEHICLES IN NEW MEXICO AT THAT TIME -- AS COMPARED WITH THE MORE THAN 1.3 MILLION VEHICLES REGISTERED IN THE STATE TODAY.

THE PHILOSOPHY OF AN INTEGRATED HIGHWAY NETWORK IS NOT UNIQUE WITH THE STATES. IT IS THE BASIC CONCEPT OF THE WHOLE FEDERAL-AID HIGHWAY PROGRAM, WHICH WAS ESTABLISHED TO SERVE THE SAME PURPOSES AND MEET THE SAME NEEDS ON A NATIONAL SCALE THAT THE STATE SYSTEM FULFILLED AT ITS LEVEL. IN THIS OVER-ALL PICTURE, IT IS RECOGNIZED THAT EACH STATE IS NOT A SEPARATE UNIT IN AND OF ITSELF, BUT THAT IT NEEDS TIES WITH AND PROVIDES LINKS TO ALL THE REST OF THE CONTINENTAL UNITED STATES. AS A RESULT, HIGHWAY TAXES COLLECTED IN PENNSYLVANIA MAY BE USED TO IMPROVE ROADS AND STREETS IN NEW MEXICO, AND THE WHOLE COUNTRY WILL BENEFIT FROM THE EXPENDITURE.

NEW MEXICO SERVES AS A BRIDGE STATE. ABOUT 2500 HEAVY TRUCKS CROSS THE BORDER ON INTERSTATE 10 BETWEEN EL PASO, TEXAS, AND NEW MEXICO EVERY DAY. TWENTY PERCENT OF PASSENGER CAR TRAVEL ON THE RURAL FEDERAL-AID SYSTEM IS BY OUT-OF-STATE VEHICLES. THE PHILOSOPHY OF A NATIONAL HIGHWAY SYSTEM SUPPORTED BY A FEDERAL TRUST FUND, IS THEREFORE MOST APPROPRIATE AS FAR AS WE ARE CONCERNED. WE SUPPORT AN INCREASE IN FEDERAL GASOLINE TAX TO BETTER ENABLE THE ESTABLISHED TRUST FUND TO MEET EXISTING NEEDS.

WHEN WE LOOK AT THE SOURCES OF HIGHWAY REVENUE FOR NEW MEXICO, IT IS READILY APPARENT THAT FEDERAL AID PROVIDES A LARGE SHARE OF OUR TOTAL INCOME. IN OUR CURRENT BUDGET OF $218.6 MILLION FOR CONSTRUCTION, FOR EXAMPLE, $97.6 MILLION OF THIS AMOUNT, OR NEARLY 45 PERCENT, COMES FROM FEDERAL AID. FEDERAL-AID HIGHWAY FUNDS ARE APPROPRIATED BY FORMULA DETERMINED BY CONGRESS FROM THE HIGHWAY TRUST FUND, WHICH WAS ESTABLISHED IN 1956 AND IS FINANCED BY GASOLINE TAXES AND OTHER SPECIAL TAXES ON MOTOR OILS, TIRES, TRUCKS AND BUSES, AND SIMILAR LEVIES ON THE NATION'S ROAD USERS.

CHANGES IN APPORTIONMENT FORMULAS CAN BE DETRIMENTRAL TO THE STATE'S HIGHWAY PROGRAM AND TO THE PROGRAMS IN OTHER SIMILAR STATES THROUGHOUT THE WEST IF, FOR EXAMPLE, LANE MILE PERCENTAGE ARE REDUCED AND FUEL CONSUMPTION BECOMES A FACTOR. DELETION OF THE ½ PERCENT MINIMUM APPORTIONMENT WILL ALSO HAVE A NEGATIVE EFFECT ON PROGRAMS IN NEW MEXICO AND SIMILAR STATES.

WITH TWELVE THOUSAND SIX HUNDRED AND EIGHTY FOUR MILES OF ROADS AND STREETS OR ABOUT SIXTEEN PERCENT OF THE TOTAL PUBLIC ROAD NETWORK ON THE STATE HIGHWAY SYSTEM, NEW MEXICO'S HIGHWAY MAINTENANCE AND IMPROVEMENT NEEDS ARE SUBSTANTIAL.

ELEVEN PERCENT OF THE STATE'S PUBLIC ROAD NETWORK, ABOUT EIGHT THOUSAND EIGHT HUNDRED AND FIFTY MILES, IS ON THE FEDERAL-AID SYSTEM, YET THIS SEGMENT CARRIES ABOUT SIXTY SEVEN PERCENT OF ALL OF THE TRAVEL IN THE STATE. THIS ACCENTS THE VITAL LEVEL OF SERVICE PROVIDED BY THE FEDERAL-AID SYSTEM TO TRANSPORTATION IN NEW MEXICO.

WHEN WE COMPARE THE MONEY WE HAVE AVAILABLE FOR ROAD BUILDING AND MAINTENANCE AGAINST THE CURRENT AND PROJECTED NEEDS FOR THESE PURPOSES THERE IS AN INCREDIBLE GAP BETWEEN THE TWO.

NEW MEXICO WILL NEED NEARLY $3.4 BILLION BY 2000 TO IMPROVE, MAINTAIN, AND ADMINISTER ITS STATE HIGHWAY SYSTEMS ACCORDING TO A RECENTLY COMPLETED 20-YEAR NEEDS STUDY.

THE STUDY SETS THE NEEDS FOR OUR FEDERAL AID SYSTEM AT OVER ONE BILLION, NINE HUNDRED MILLION DOLLARS OR ABOUT FIFTY SEVEN PERCENT OF THE TOTAL NEEDS FOR THE ENTIRE STATE HIGHWAY SYSTEM. SO THE FEDERAL AID SYSTEM IN NEW MEXICO COMPRISES ONLY ELEVEN PERCENT OF THE PUBLIC ROAD SYSTEM, YET CARRIES SIXTY SEVEN PERCENT OF THE TRAVEL, AND, IN ORDER TO MAINTAIN THIS LEVEL OF SERVICE, USES UP TO FIFTY SEVEN PERCENT OF THE STATE'S TOTAL HIGHWAY FUNDING PROGRAM.

THESE FIGURES ASSUME THAT A CONCERTED EFFORT TOWARD IMPROVEMENT WILL BE MADE WITHIN A REASONABLY SHORT TIME. OTHERWISE, NEEDS WILL GROW CORRESPONDING TO THE DELAY IN BEGINNING THE IMPROVEMENTS. THERE ARE TWO REASONS FOR THIS. FIRST, ALL THE COSTS HAVE BEEN REPORTED BASED ON 1980 PRICES. AS THE COST INDEX RISES IN THE FUTURE, ACTUAL DOLLARS NEEDED WILL INCREASE. FOR EXAMPLE, BASED ON A FIVE PERCENT ANNUAL INCREASE IN PRICES, A ONE MILLION DOLLAR PROJECT IN 1970 WOULD COST $2.65 MILLION IF DEFERRED UNTIL 1990.

SECOND, THE LONGER AN IMPROVEMENT TO A SECTION IS DELAYED, THE MORE THE FACILITY WILL DETERIORATE, LEADING TO INCREASED ANNUAL MAINTENANCE COSTS. FURTHER, IF A MINOR IMPROVEMENT IS NOT INITIATED AT THE TIME IT IS FIRST NEEDED, A COSTLIER MAJOR IMPROVEMENT MAY ULTIMATELY BE REQUIRED. THE PRESENT ANNUAL RATE OF CONSTRUCTION SIMPLY CANNOT IMPROVE ROADS AS FAST AS THEY ARE DETERIORATING.

GREATER HIGHWAY COSTS EITHER REDUCE THE MILEAGE IMPROVED EACH YEAR OR INCREASE TAXES.

OUR STATE LEGISLATURE HAS MAINTAINED A CONTINUING INTEREST IN THE APPROPRIATE ALLOCATION OF HIGHWAY COSTS TO THE VARIOUS ROAD USER CLASSES THROUGH THE ENACTMENT OF TAX LEGISLATION. THE LATEST RELATED INFORMATION IS PROVIDED TO LEGISLATORS AS IT BECOMES AVAILABLE IN ORDER TO PROMOTE THE FAIR AND EQUITABLE DISTRIBUTION OF HIGHWAY COSTS AMONG THE ROAD USERS. WE SUPPORT THIS ONGOING PROCESS WHICH ANALYZES THE RESULTS OF STUDIES MADE THROUGHOUT THE COUNTRY AND PRODUCES A TAX STRUCTURE WHICH IS APPROPRIATE AND APPLICABLE.

SEVERAL ALTERNATIVES HAVE BEEN PROPOSED TO CHANGE THE STRUCTURE OF FEDERAL HIGHWAY USER FEES, INCLUDING THE FINDINGS OF THE FEDERAL HIGHWAY COST ALLOCATION STUDY. IT APPEARS THAT THE ALTERNATIVE USING FEDERAL HIGHWAY COST ALLOCATION STUDY METHODS, A DIFFERENTIAL BETWEEN THE GAS AND DIESEL FUEL TAX, AND AN AXLE WEIGHT TAX BASED ON GRADUATED SCALES FOR SINGLE AND TANDEM AXLES HAS THE BEST POTENTIAL FOR PROVIDING AN EQUITABLE ALLOCATION OF HIGHWAY COSTS AMONG THE USERS. HOWEVER, AS MENTIONED IN THE FEDERAL HIGHWAY COST ALLOCATION STUDY, THE METHOD SELECTED SHOULD BE SUBJECTED TO CONTINUOUS MONITORING AND CHANGES MADE AS REQUIRED.

PREPARED STATEMENT

By William A. Ordway, Director

Of The Arizona Department Of Transportation

It gives me a great deal of pleasure to have the opportunity to testify on what many of us feel to be one of the most critical concerns facing the Nation and its economy - the future of the Nation's highways. The importance of a sound highway system is recognized as essential to the economic and social development of the Nation and to that of each of the individual states.

Study after study has amply and vividly demonstrated that the Nation's highways are facing a crisis of major proportions. The time for decision is now. From our perspective, in Arizona, the highest federal priority should be the completion and preservation of the Interstate System. Given the very real and pressing economic constraints to which we are subject, it would appear that the highway revenues generated under existing tax schedules will be woefully inadequate to fund the various highway programs to the level required to meet the needs. Thus, a major restructuring of the Federal-Aid Highway Program should be investigated and some tough priorities established.

The American Association of the State Highway and Transportation Officials (AASHTO), in its policy position entitled, "A Program For America's Highways in the 80's", recommended consolidation and reduction in the number of Federal-Aid categories in order to make the process more effective and more flexible. The following six major categories were recommended for funding.

1. Interstate Highways - Completion and 4R

2. Bridge
3. Primary
4. Urban System Program
5. Rural Program
6. Safety

We support AASHTO's basic premise that the number of Federal-Aid categories should be reduced to a more manageable level, that unnecessary and overly restrictive regulations should be eliminated, and that more leeway should be given to the states in transferring funds from one program to another.

We concur with AASHTO's estimate of the authorization levels necessary to meet the needs for these six federal aid categories. While I fully recognize and appreciate the importance of all six of these program categories, current economic realities would indicate that the AASHTO may be too ambitious to increase funding sufficient to adquately to finance all six categories. As much as we would like to see that happen, if full funding is not to be forthcoming in the short run, federal program resources should be concentrated and focused on adequate support for the few highest priorities as opposed to inadequate support for many.

From a purely Arizona perspective, these priorities could be further limited to those systems of interstate significance. State and local governments must begin to accept a greater degree of responsibility and authority for their own transportation systems and priorities. The Federal government must restrict its programmatic and regulatory actions to those issues of National concern which can best be solved at the federal level. In terms of intergovernmental coordination, it will be imperative that any shifts in responsibilities from federal to state and local levels should be accomplished in an evolutionary and orderly manner which will allow for smooth transition of roles.

It seems to us that such a programmatic restructuring is fully in keeping with the "New Federalism". Historically, the states have been the focus for highway operation, construction and maintenance. The bulk of the resources devoted to the highways are derived from state highway user taxes. In Arizona, about 80% of the road user taxes are from state levies. The states can assume more responsibility for their highways.

Governor Babbitt of Arizona, an ardent supporter of the "New Federalism", has proposed a major revision of the federal and state highway responsibilities. His proposal to implement this restructuring is to focus the federal responsibility on the Interstate System with all other highway categories becoming the responsibility of the individual states. The advantage of this proposal is that it would permit the Federal Highway Administration to concentrate its limited resources on the Interstate System, rather than diluting its efforts among a variety of disparate programs. A very attractive feature of Governor Babbit's proposal is that it would be unnecessary to raise federal highway user taxes, yet have a well-funded and aggressive Interstate completion and 4R program.

A possible compromise position between that of AASHTO and that of Governor Babbitt is that in addition to the Interstate System, Primary highways of interstate significance (approximately one third of the present Primary System) be a federal responsibility. If this compromise were to be reached, federal taxes would have to be raised. In this case, a raise in the federal gas tax similar to that proposed by the Reagan Administration would increase funding adequately to support an aggressive Interstate program as well as a "National" Primary a highway system of interstate significance, and would fund a gradual turnback program of other systems to state responsibility.

If the states are to assume full responsibility for non-interstate highways, the transition must be made smoothly. A smooth transition necessitates a turn back of federal funds to the states over a period of several years perhaps up to five. If this restructuring is to work, the turn back must be of sufficient magnitude for the states to discharge their newly acquired responsibilities at a level at least equivalent to current levels of effort.

We at the state level of government recognize that the improvement and maintenance of our transportation systems is of vital importance to the well being of each state and the Nation as a whole. We are also acutely aware that federal programs alone can no longer be expected to solve all of our transportation problems. In Arizona, the recognition of this fact prompted Governor Bruce Babbitt to call a special session of the Arizona Legislature to address the issue of long-term transportation financing. As a result, a new transportation measure was passed which will increase the funds available to the State and local jurisdictions by more than one hundred percent. Perhaps more importantly, this legislation will be a major factor in the development of a State/local partnership which calls for greater decision-making powers and financing responsibilities at the most appropriate governmental level.

While this increase in funds is dramatic, our transportation needs are even more dramatic and mandate that great care be exercised in order to assure that the most pressing needs are met. Arizona must and should continue to rely on the highly effective state/federal and state/local partnerships which have evolved and will continue to mature over time. In particular, federal assistance is a must for those highways of national and/or interstate significance (as represented by the Interstate System). The Federal government's commitment to this System of interconnecting interstate highways has been amply demonstrated through the years. This commitment must be continued with adequate funding made available to complete the System as well as to ensure that the investment already made is permanently protected.

With the discussion of significant increases in Arizona highway user fees, the issue of tax equity among the various categories of highway users came to the fore. Assigning cost responsibility by user category is a difficult and complex task. In addressing this issue, various states, industry groups, and the FHWA have conducted cost allocation studies. While there are differences in the methodologies used, assumptions made, etc., there is a broad consensus that heavy vehicles are responsible for from 40% to 60% of highway costs. Under Arizona's then existing fee schedule, it was concluded that trucks were not paying their fair share. Various fees were increased, but the major component of this package was the repeal of the gross receipts tax and the imposition of a weight/distance tax.

Vehicle weight and axle loadings are a major factor in the deterioration rate of a highway. For the sake of tax schedule simplicity and ease of administration, it was decided to base the tax on vehicle declared gross weight. Listed below is Arizona's weight/distance tax schedule:

ARIZONA'S WEIGHT/DISTANCE TAX SCHEDULE
Cents Per Mile

Declared Gross Vehicle Weight	Tax Rate
26,001 - 28,000	$ .01319
28,001 - 30,000	.01413
30,001 - 32,000	.01506
32,001 - 36,000	.01695
36,001 - 40,000	.01883
40,001 - 45,000	.02119
45,001 - 50,000	.02354
50,001 - 55,000	.02590
55,001 - 60,000	.02825
60,001 - 65,000	.04587
65,001 - 70,000	.04941
70,001 - 75,000	.07501
75,001 - 80,000	.08000

It is estimated that heavy vehicles in Arizona over the next ten years will pay approximately 53% of the revenue going to the HURF.

Arizona's transportation finance legislation achieved two important goals: revenues were significantly increased and equity among highway users was enhanced.

The weight/distance tax became effective on 1 July 1982 concomitant with the deregulation of intrastate motor carriage. Thus, the motor carrier industry serving Arizona is responding to two major changes affecting their operations in addition to depressed economic conditions. Given the shortness of time and the multiplicity of changed conditions to which the motor carriers must respond, it is impossible to make definitive statements. However, it is possible to make some observations. First, an attempt by truckers to blockade the ports of entry to protest the weight/distance tax attracted less than ten truckers and lasted less than an hour. Second, the limited data we have seems to indicate that so far there has been little diversion of truck traffic from Arizona. In fact, 5,613 more trucks (a 3% increase) entered Arizona in July 1982 than in the same month last year. Third, it has been argued that the increases will lead to increased tax evasion, creating a multitude of enforcement problems with possible losses of revenue. Although it is too early to establish any trends, very preliminary data indicates that revenues will not be adversely affected by the new tax structure.

It is estimated that the economic impact of the weight/distance tax on the cost of motor carrier operations is fairly minimal (8.16%). The break down is as follows:

1. Weight/distance tax per mile for an 80,000 vehicle - 8¢
2. Diesel fuel cost per mile - 30¢
3. Labor cost per mile - 40¢
4. Capital cost per mile - 20¢

The following examples represent the potential impact of the weight/distance tax on the prices of the sample commodities. The specific impacts will differ in any actual goods movement. The assumptions employed here are that the motor carrier hauling the freight pays the maximum weight-distance tax and that the truck returns empty, but does not qualify for the reduced rate. This would apply the maximum total burden to the commodity shown in the example.

The prices used as a base are wholesale cash prices quoted in the Wall Street Journal. Actual retail prices will be higher. Use of this wholesale price will tend to overstate the impact of the tax.

Origins of the commodities are assumed for the purpose of calculating a hypothetical tax. Everything has to come from somewhere. Different origins for goods will experience somewhat different impacts from the tax.

1. Texas Beef: The tax (both ways) on a single truckload would amount to a maximum of $23. This would be about 4/100% of the wholesale price.
2. Idaho Potatoes: The tax (both ways) on a single truckload would amount to a maximum of $24. This would be about 7/10% of the wholesale price.

3. California Gasoline: The tax (both ways) on a single truckload would amount to a maximum of $14. This would be about 3/10% of the wholesale price.

The key item in these examples is the order of magnitude. The actual prices for different goods, on different days, over different routes will vary. The variation due to other factors like seasonality, business cycles, consumer tastes, are all much larger than the amount of the tax. No matter how you look at it, the tax price to support highway facilities is minute compared to the other elements making up the cost of day to day living.

I have dwelt at such length on the Arizona experience, because I feel that this experience is relevant as you address the issues of allocating costs and developing a new tax structure. The Federal Cost Allocation Study found that an average trucks ought to pay approximately 42% of the costs of highways. However, under the current tax structure lighter trucks were found to be over charged and heavier trucks under charged. This is probably a function of the ad valorem nature of many of the federal excise taxes. Based upon the findings, it is suggested that the tax structure be changed to one in which vehicle size and weight are accorded greater importance in determining user fees.

There are several means for achieving this. First, a weight/distance tax in which the declared gross weight of the vehicle is used. Second, a ton/mile tax in which the actual tonnage carried serves as the base. A third alternative is to base it on axle loadings. Each of these methods has its advantages and disadvantages which must be carefully evaluated.

In our view, the evidence is quite compelling that heavy vehicles are being subsidized by other categories of highway users. In the interest of equity, these heavy vehicles should pay their fair share. Arizona's limited experience and the more extensive experience of other states, such as Oregon, indicate that a tax based on weight and distance is a promising means through which heavy vehicles can be made to pay their fair share. Such an approach is not without its problems. The administrative problems associated with such a tax could be great. Another significant problem area could be compliance. Another issue to be explored is how to attribute fees to the various states. As difficult as the problems and as complex as the many associated issues may be, they can be resolved. However, promising as this approach is, given the problems associated with it, we ought not limit our exploration of alternatives strictly to variations on this theme. We must not lose sight of the fact that the goal is to allocate costs fairly and equitably. The particular method through which this goal is to be realized is of less importance than the goal itself. Regardless of the method chosen, it should be easy to administer and to enforce.

In closing, I would like to mention the work being done by the AASHTO Task Force. This task force is critically examining the federal costs allocation study and associated issues. The Task Force's findings and recommendations will be forwarded to the states for their review. AASHTO on behalf of the states then will present its official findings and recommendations to Congress.

Thank you for this opportunity to present Arizona's views. I hope that our comments have been of use to you as you contend with the many problems confronting the Nation's highways.

STATEMENT FROM
THE CALIFORNIA DEPARTMENT OF TRANSPORTATION
FOR THE
CHAIRMAN AND MEMBERS OF THE TRANSPORTATION SUBCOMMITTEE
OF THE U.S. SENATE
ENVIRONMENT AND PUBLIC WORKS COMMITTEE

SEPTEMBER 2, 1982
SALT LAKE CITY, UTAH

MR. CHAIRMAN AND MEMBERS, MY NAME IS ROBERT DATEL, CHIEF OF THE OFFICE OF PLANNING AND DESIGN OF THE CALIFORNIA DEPARTMENT OF TRANSPORTATION. I APPRECIATE THE OPPORTUNITY TO PRESENT CALIFORNIA'S VIEW OF HIGHWAY TRANSPORTATION NEEDS FOR THE 1980'S AND TO SUGGEST SOME METHODS FOR MEETING THOSE NEEDS. OUR PRIMARY PURPOSE IN APPEARING BEFORE YOUR SUBCOMMITTEE TODAY IS TO EXPRESS OUR SERIOUS CONCERN REGARDING THE CONTINUANCE OF INFLEXIBLE FEDERAL DESIGN STANDARDS FOR REHABILITATION WORK ON OUR BRIDGES AND HIGHWAYS. IN ADDITION, YOUR INVITATION ASKED US TO ADDRESS FOUR MAJOR AREAS TO THIS SUBCOMMITTEE, SPECIFICALLY, THE CONDITION OF THE FEDERAL-AID HIGHWAY SYSTEM, NEEDS OF THE SYSTEM, ALLOCATION OF HIGHWAY COSTS AND PROPOSALS TO CHANGE THE STRUCTURE OF HIGHWAY USER FEES. SINCE YOU HAVE RECEIVED A CONSIDERABLE AMOUNT OF INPUT ON THESE SUBJECTS, I'LL KEEP MY REMARKS ON THESE POINTS BRIEF SO AS TO ALLOW A FEW MOMENTS TO ADD OTHER COMMENTS ON FEDERAL ISSUES OF PARTICULAR IMPORTANCE TO CALIFORNIA, INCLUDING THE QUESTION OF DESIGN STANDARDS.

YOUR FIRST AREA OF CONCERN IS THE CONDITION OF THE FEDERAL-AID HIGHWAY SYSTEM. IN CALIFORNIA, WE HAVE SUCCEEDED IN KEEPING THE

CONDITION OF OUR HIGHWAY SYSTEM OPERATING AT ACCEPTABLE SAFE STANDARDS BY ALLOCATION OF RESOURCES ON A COST-EFFECTIVE PROGRAM BASIS WE DEVELOPED SEVERAL YEARS AGO. HOWEVER, MORE HAS TO BE DONE TO BRING THESE HIGHWAYS UP TO THE CONDITIONS ENVISIONED IN THE FEDERAL AID HIGHWAY ACT OF 1956. WE, LIKE OTHER STATES, ARE EXPERIENCING AN INCREASE IN THE DETERIORATION OF OUR SYSTEM OF FEDERAL AID HIGHWAYS AS THE COSTS TO MAINTAIN AND REHABILITATE THESE ROADS HAVE RISEN BEYOND EXISTING REVENUE LEVELS. A 1981 ESTIMATE PREPARED BY CALTRANS LISTS A FIGURE OF $709 MILLION TO RECONSTRUCT AND RESTORE CALIFORNIA ROADWAYS, AND $319 MILLION TO RECONSTRUCT BRIDGE STRUCTURES TO FULL FEDERAL STANDARDS.

THE CONDITION OF OUR EXISTING HIGHWAYS HAS LONG BEEN A PRIME CONCERN TO US. AS A RESULT, THE CALIFORNIA DEPARTMENT OF TRANSPORTATION IN 1976 LISTED AS OUR HIGHEST PROGRAM PRIORITY THE MAINTENANCE, REHABILITATION AND RECONSTRUCTION OF THE EXISTING HIGHWAY SYSTEM. IN 1981, THE STATE LEGISLATURE FOLLOWED SUIT, DESIGNATING THIS PRIORITY IN STATUTE AND ENACTING AN INCREASE IN HIGHWAY USER FEES TO HELP MEET THE NEEDS OF THE STATE HIGHWAY SYSTEM.

THIS LEGISLATION, ALSO RECOGNIZED THAT ONE OF THE MAJOR FACTORS AFFECTING THE SERVICE LIFE OF THE HIGHWAY SYSTEM WAS THE WEIGHT OF VEHICLES USING THE ROADWAYS. HENCE, A SUBSTANTIAL INCREASE IN WEIGHT FEES WAS MANDATED. WE FEEL VEHICLE WEIGHT IS STILL THE MAJOR FACTOR AFFECTING SERVICE LIFE. AS SUCH, ANY EFFORTS IN THE FUTURE TO RELAX CURRENT WEIGHT STANDARDS WILL BE OF EXTREME CONCERN TO US.

AS TO YOUR SECOND CONCERN, IN COMPARING THE NEEDS OF THE FEDERAL-AID HIGHWAY SYSTEM TO EXISTING REVENUES, WE BELIEVE OUR CURRENT POLICIES AND THE RECENT STATE GAS TAX INCREASE WILL SEE US THROUGH THE NEAR FUTURE. IN ADDITION, THERE ARE OTHER ACTIONS THAT CAN BE TAKEN AT THE FEDERAL LEVEL TO HELP MAKE OUR CURRENT FUNDS GO FURTHER. COUPLED WITH GREATER FLEXIBILITY FOR THE STATES, WE BELIEVE A TURNBACK OF THE URBAN, RURAL, AND SECONDARY SYSTEM RESPONSIBILITIES WITH 2 CENTS OF THE CURRENT TAX WOULD GO A LONG WAY TO MAKE CURRENT FUNDS GO FURTHER AND INCREASE PROGRAM FLEXIBILITY.

I'D LIKE TO RETURN TO THE SUBJECT OF FUNDING FLEXIBILITY AGAIN IN A FEW MOMENTS, BUT FIRST LET ME DISCUSS YOUR THIRD POINT, THE ISSUE OF USER COST ALLOCATIONS. THE 1982 FEDERAL HIGHWAY COST ALLOCATION STUDY (HCAS) IS AN IMPROVEMENT OVER PRIOR STUDIES IN BOTH METHOD AND THE ASSIGNMENT OF RESPONSIBILITIES TO DIFFERENT CLASSES OF VEHICLES. WE RECOGNIZE THAT THE ECONOMIC PRODUCTIVITY OF THE STATE IS DIRECTLY TIED TO THE CONDITION OF ITS HIGHWAYS. WE ALSO BELIEVE THAT COMMERCE AND THE PUBLIC THAT DIRECTLY BENEFIT FROM HIGHWAY USE SHOULD PAY, IN MOST CASES, AN EQUITABLE SHARE OF THE COSTS TO MAINTAIN THESE HIGHWAYS THAT IS PROPORTIONAL TO THE DAMAGE EACH CAUSES TO THE ROADWAY. IT HAS BEEN THE POSITION OF THE CALIFORNIA DEPARTMENT OF TRANSPORTATION SINCE THE 1970'S THAT HEAVY TRUCKS (SEMI'S OR COMBINATION TRUCKS) OVER 70,000 GROSS VEHICLE WEIGHT HAVE CAUSED EXTENSIVE DAMAGE TO PAVEMENT AND BRIDGE STRUCTURES OF CALIFORNIA. A 1976 CALTRANS STUDY CONCLUDED THAT DAMAGE TO PAVEMENT INCREASES EXPONENTIALLY AS AXLE WEIGHT INCREASES. IT IS NOT A SIMPLE STRAIGHT LINE RELATIONSHIP. SIMILAR RESULTS HAVE BEEN DERIVED FROM MANY STUDIES CONDUCTED BY STATE, FEDERAL, AND

INDEPENDENT ORGANIZATIONS SUCH AS AASHTO TO THE POINT THAT IT IS A UNIVERSALLY ACCEPTED FACT.

ONE AREA OF DISAGREEMENT WE HAVE WITH THE HIGHWAY COST ALLOCATION STUDY IS THE DECISION NOT TO EVALUATE THE "WEIGHT-DISTANCE" OR "TON-MILE" APPROACH TO LEVYING CHARGES ON HEAVY VEHICLES, CHIEFLY HEAVY TRUCKS. CALIFORNIA BELIEVES THAT THIS SYSTEM, WHILE POLITICALLY DIFFICULT TO IMPLEMENT, IS EQUITABLE. IT ALSO APPEARS THAT THE STATES ARE CAPABLE OF ADMINISTERING SUCH A STRUCTURE AS SHOWN BY IMPLEMENTATION IN OREGON AND OTHER STATES.

THE OVERALL RESULT OF THE HCAS IS, HOWEVER, A POSITIVE ONE. RECOMMENDED USER FEES (TABLE I-8) FOR 1985 SHOW AN INCREASE OF 30 PERCENT FOR TRUCKS 70,000 TO 75,000 GROSS VEHICLE WEIGHT WITH FEES FOR TRUCKS OF 75,000 GROSS VEHICLE WEIGHT AND GREATER INCREASING BY 70 PERCENT. THE CHARGES FOR MEDIUM AND SMALL TRUCKS DECREASE AND THE FEES FOR SMALLER AUTOS AND MOTORCYCLES ARE INCREASED. WE BELIEVE THESE RECOMMENDATIONS ARE SOUND. HOWEVER, THE LARGEST RECOMMENDED INCREASE IN USER CHARGES (SOME 3,000 PERCENT) IS FOR BUSES, UNTIL NOW AN EXEMPT CLASS. THE BUS PROPOSAL DOES CREATE SOME CONSTERNATION FOR US. PENDING FURTHER STUDY, CALIFORNIA WOULD LIKE TO WITHHOLD A RECOMMENDATION ON THE BUS FEE INCREASES. WITH ALL THE OTHER UNSETTLED FUNDING QUESTIONS FACING TRANSIT, IT MAY NOT BE IN THE BEST INTERESTS OF TRANSIT OPERATORS OR THE PUBLIC TO ASK THEM TO ACCEPT THIS ADDITIONAL FINANCIAL BURDEN AT THIS TIME.

YOUR FINAL SUBJECT AREA CENTERED ON PROPOSALS TO RESTRUCTURE EXISTING HIGHWAY USER FEES. IN RESPONSE TO THIS CONCERN, I'D LIKE TO DISCUSS

AN ISSUE I TOUCHED ON EARLIER... THAT OF GREATER FLEXIBILITY IN FEDERAL FUNDING FOR HIGHWAYS AND TRANSIT.

WE RECOGNIZE THE CONTINUOUS, BROAD SUPPORT FOR INCREASES IN HIGHWAY USER FEES AT THE FEDERAL LEVEL. WITH THESE PROBABLE FEE INCREASES, WE'D LIKE TO SEE MORE PROGRAM RESPONSIBILITY AND A GREATER SHARE OF HIGHWAY TRUST FUND REVENUES RETURNED TO THE STATES. WE FEEL STRONGLY THAT ANY GAS TAX INCREASE WITHOUT A TURNBACK OF PROGRAMS AND FUNDS SHOULD BE STRICTLY OPPOSED.

ALONG THIS SAME LINE, WE WOULD LIKE TO SEE THE INTERSTATE TRANSFER PROGRAM FUNDED ENTIRELY FROM THE HIGHWAY TRUST FUND. THE UNCERTAINTY OF GENERAL FUND MONEY IS RAISING HAVOC WITH AN EFFECTIVE FINANCING PROCESS FOR THE IMPLEMENTATION OF TRANSIT ALTERNATIVES.

THIS COMPLETES OUR COMMENTS ON THE FOUR POINTS RAISED IN YOUR LETTER OF INVITATION.

IN THE FEW MOMENTS I HAVE REMAINING I'D LIKE TO DISCUSS A FEW OTHER ISSUES OF IMPORTANCE TO CALIFORNIA AND TO VARYING DEGREES, THE OTHER 49 STATES. THE MOST IMPORTANT OF THESE INVOLVES THE 3R STANDARDS AND CURRENT LEGISLATION WHICH WOULD REVERSE THE FHWA'S REGULATIONS IN THIS AREA.

AS YOU HAVE ALREADY HEARD, ROADS AND STREETS ALL OVER THE NATION ARE EXPERIENCING PROGRESSIVE DETERIORATION, IN MANY INSTANCES BEYOND THAT WHICH CAN BE STABILIZED THROUGH NORMAL MAINTENANCE. THE FEDERAL 3R PROGRAM (RESURFACING, REHABILITATION AND RESTORATION) HAS BEEN AN

EFFECTIVE MEANS OF REHABILITATING MANY MILES OF THESE HIGHWAYS. WE STAUNCHLY SUPPORT THIS FEDERAL-AID NON-FREEWAY 3R PROGRAM AND STRONGLY URGE ITS CONTINUANCE. HOWEVER, THE IMPOSITION OF STANDARDS APPROPRIATE FOR NEW CONSTRUCTION IS NOT NECESSARILY COST-EFFECTIVE IN REHABILITATING OLDER HIGHWAYS.

HIGHWAY STANDARDS THAT ARE DEVELOPED AT THE NATIONAL LEVEL OFTEN PROVIDE A HIGH DEGREE OF UNIFORMITY FOR ALL STATES. HOWEVER, AT TIMES SUCH UNIFORMITY IS ACHIEVED AT CONSIDERABLE EXPENSE OF LOCAL NEEDS AND PREFERENCES. WE DO NOT BELIEVE THAT UNIFORM NATIONAL STANDARDS ARE APPROPRIATE FOR THE 3R PROGRAM. THERE MUST BE FLEXIBILITY IN THE APPLICATION OF THE DESIGN STANDARDS FOR 3R PROJECTS BASED ON STATE AND LOCAL REQUIREMENTS. NUMEROUS DISBENEFITS WILL CONTINUE TO ACCRUE IF NATIONAL STANDARDS REMAIN IN PLACE, INCLUDING THE INEFFECTIVE USE OF HIGHWAY FUNDS, THE CONTINUATION OF CONFLICTS BETWEEN FHWA AND THE STATES, A REDUCTION IN MILES OF HIGHWAYS REHABILITATED, AND LOW PRIORITY SAFETY NEEDS FUNDED AHEAD OF HIGH PRIORITY SAFETY NEEDS TO NAME JUST A FEW.

THE FHWA'S NEW GUIDELINES IN THIS AREA, WHICH WERE EFFECTIVE JULY 12, 1982, ALLOW THE INDIVIDUAL STATES TO DEVELOP SUITABLE GUIDELINES WITH THE APPROVAL OF FHWA DIVISIONAL OFFICES. CALIFORNIA SUPPORTS THIS APPROACH, AND WE ARE WORKING TOWARD THAT END. WE STRONGLY URGE THAT THE CONGRESS REFRAIN FROM ADOPTING LEGISLATION WHICH WOULD REVERSE THE FHWA'S EFFORTS.

ANOTHER TRANSPORTATION ISSUE OF INTEREST TO CALIFORNIA IS THE NEED FOR CHANGING THE FEDERAL-AID PRIMARY (FAP) APPORTIONMENT FORMULA. THE EXISTING FORMULA HAS A NUMERICAL SPLIT THAT IS TWO-THIRDS RURAL AND ONE-THIRD URBAN. WE RECOMMEND THIS BE CHANGED SO THAT THE RURAL FACTOR IS REDEFINED TO ONLY CONSIDER AREA AND RURAL POPULATION IN EQUAL PROPORTIONS. THE INTERCITY MAIL AND RURAL DELIVERY ROUTE MILE FACTORS, NOW USED IN THE CALCULATIONS, SHOULD BE ELIMINATED FROM THE FORMULA AND THE NUMERICAL SPLIT CHANGED TO 50/50.

WE SUPPORT THIS FORMULA CHANGE FOR THE FOLLOWING REASONS:

- IN 1980, 61 BILLION MILES WERE TRAVELED ON STATE HIGHWAYS IN URBAN AREAS OF CALIFORNIA WHILE ONLY 26 BILLION MILES WERE TRAVELED ON STATE HIGHWAYS IN RURAL AREAS. THERE IS A STRONG LIKELIHOOD THAT MANY OF THE RURAL MILES WERE DRIVEN BY URBAN DRIVERS. IN PREVIOUS STUDIES, THE DEPARTMENT HAS FOUND THAT ABOUT 65 PERCENT OF THE "NOW NEEDS" FOR THE STATE HIGHWAY SYSTEM ARE IN URBAN AREAS, WHILE ONLY 35 PERCENT ARE IN RURAL AREAS.

- THIRTY-FIVE PERCENT OF THE URBAN ROADS OPERATE ABOVE A SPECIFIC CONGESTION VOLUME INDICATOR WHILE ONLY 5 PERCENT OF THE RURAL ROADS OPERATE ABOVE THIS LEVEL.

- THE COST OF URBAN FAP ROUTES IS HIGHER THAN RURAL FAP ROUTES. SO, IN GENERAL, OUR ARGUMENTS SUPPORT THE CONTENTION THAT THE URBAN FACTORS SHOULD CARRY MORE WEIGHT IN THE FAP APPORTIONMENT FORMULA AND THAT STATES, LIKE CALIFORNIA, ARE BEING SEVERELY PENALIZED BY THE CURRENT FORMULA.

THE FINAL ISSUE WE'D LIKE TO CALL TO YOUR ATTENTION INVOLVES PROPOSED MODIFICATIONS TO THE HIGHWAY BEAUTIFICATION ACT. WE WOULD LIKE TO SEE ACTION ON THIS SUBJECT DEFERRED UNTIL NEXT YEAR. WE BELIEVE THE COMPLEXITY OF THIS ISSUE NEEDS MORE TIME FOR AN ACCEPTABLE RESOLUTION THAN IS AVAILABLE IN THE TIME REMAINING IN THIS CONGRESSIONAL SESSION.

IN CONCLUSION, WE HOPE THAT OUR COMMENTS HAVE BEEN HELPFUL AND THAT OUR CONCERNS WILL BE REFLECTED IN THE SENATE VERSION OF HIGHWAY AND TRANSIT LEGISLATION NOW UNDER DEVELOPMENT. I WOULD LIKE TO THANK YOU AGAIN FOR THE OPPORTUNITY TO PRESENT OUR VIEWPOINT.

ORANGE COUNTY
TRANSPORTATION COMMISSION
1020 North Broadway, Suite 300 Santa Ana, California 92701
(714) 834-7581

Commissioners
Ralph B. Clark
Daniel E. Griset
Thomas F. Riley
James Roosevelt
Bill Vardoulis
Heinz Heckeroth

TESTIMONY
OF
THOMAS L. JENKINS
EXECUTIVE DIRECTOR
ORANGE COUNTY TRANSPORTATION COMMISSION
BEFORE THE
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
SUBCOMMITTEE ON TRANSPORTATION
SEPTEMBER 2, 1982
SALT LAKE CITY, UTAH

Mr. Chairman, Members of the Subcommittee, I am Thomas Jenkins, Executive Director of the Orange County Transportation Commission. Our Commission is responsible for programming federal and state funds for transportation projects in Orange County, California. I am very pleased to take part in your series of field hearings on federal highway needs versus revenues.

I would like to begin my remarks by providing you with a very brief background on Orange County so that you can put my comments into perspective.

Background

Orange County is located on the Southern California coast between Los Angeles and San Diego. It is an area which has experienced tremendous population growth over the past thirty years. In that time, Orange County has changed from an agricultural community to a major urban center; from a bedroom community of Los Angeles to a job-magnet; from a sparsely settled suburban environment to an area with densities capable of supporting rail transit.

Additional growth in population and employment is projected for the future. Over the next ten years, one-half million more people will live in Orange County, bringing the population to over 2.5 million. The growth in jobs will outstrip the growth in population by about three to two. Combined with trends toward

SMALLER HOUSEHOLD SIZE, AND LARGER NUMBERS OF TWO-WORKER FAMILIES THIS TRANSLATES INTO A TREMENDOUS DEMAND FOR TRANSPORTATION FACILITIES. OUR PLANNING FOR THE FUTURE INCLUDES IDENTIFIED TRANSPORTATION FACILITY NEEDS IN EXCESS OF $20 BILLION. CLEARLY, TRANSPORTATION NEEDS OF THIS MAGNITUDE CAN ONLY BE MET THROUGH A COMMITMENT OF FEDERAL, STATE AND LOCAL FUNDS.

WITH THIS AS A BACKDROP, I WOULD LIKE TO COMMENT ON HOW WE VIEW THE FEDERAL ROLE AND RESPONSIBILITY FOR THE HIGHWAY SYSTEM.

THE PROBLEM

LET ME BEGIN BY RECOGNIZING THE PROBLEM THAT YOU ARE UP AGAINST. IT IS CLEAR THAT THE HIGHWAY TRUST FUND IS SEVERELY UNDERFUNDED. WITH THE EXISTING REVENUE STREAM, IT SIMPLY CANNOT BE EXPECTED TO MEET ALL THE OBJECTIVES WHICH THE FUND HAS ASSUMED. IT CANNOT SUPPORT A CONTINUATION OF THE CURRENT PROGRAM WITHOUT HUGE TAX INCREASES. TO RESOLVE THIS DILEMMA, CONGRESS WILL HAVE TO CHOOSE BETWEEN TWO DISTINCT APPROACHES: WHETHER TO INCREASE REVENUES - OR - WHETHER TO PARE DOWN THE FEDERAL HIGHWAY PROGRAM THROUGH RESTRUCTURING. PRACTICALLY SPEAKING, BOTH STRATEGIES WILL HAVE TO BE EMPLOYED.

FEDERAL REVENUE

THE ORANGE COUNTY TRANSPORTATION COMMISSION HAS ADOPTED A POSITION IN SUPPORT OF THE PROPOSAL PUT FORWARD BY SECRETARY OF TRANSPORTATION DREW LEWIS TO INCREASE FEDERAL HIGHWAY USER FEES BY AN AMOUNT EQUIVALENT TO AN ADDITIONAL FIVE CENTS PER GALLON FEDERAL

GAS TAX. WE ALSO SUPPORT THE USE OF APPROXIMATELY ONE CENT OF THIS INCREASE FOR TRANSIT NEEDS. OUR SUPPORT IS BASED ON WHAT WE BELIEVE IS A CLEARLY IDENTIFIED NEED FOR ADDITIONAL FUNDING FOR FEDERAL TRANSPORTATION PROGRAMS. HOWEVER, WE RECOGNIZE THAT AN INCREASE OF THIS ORDER WILL NOT FUND ALL THE FEDERAL HIGHWAY PROGRAMS AT CURRENT LEVELS.

SUPPORT OF AN INCREASE IN THE FEDERAL GAS TAX IS A SOMEWHAT DIFFICULT POSITION FOR OUR COMMISSION TO TAKE. THIS IS BECAUSE CALIFORNIA HAS TRADITIONALLY BEEN A DONOR STATE, PAYING MORE IN FEDERAL GAS TAXES THAN IT RECEIVES IN FEDERAL HIGHWAY DOLLARS. OVER RECENT YEARS, THE RETURN OF HIGHWAY TAXES TO CALIFORNIA HAS BEEN IN THE NEIGHBORHOOD OF 60-70 PERCENT. FOR THIS REASON, WE HAVE A GREAT INTEREST IN THE FORMULA BY WHICH FEDERAL HIGHWAY FUNDS ARE DISTRIBUTED.

OF PARTICULAR CONCERN IS THE ALLOCATION FORMULA FOR THE INTERSTATE 4-R PROGRAM. WE THINK THE ALLOCATION FORMULA FOR THIS PROGRAM SHOULD RELY ON FACTORS THAT REFLECT THE AGE OF THE FACILITY AND TYPE AND AMOUNT OF TRAFFIC USING THE FACILITY. THIS WOULD RESULT IN HIGHWAY REPAIR AND RECONSTRUCTION FUNDS BEING ALLOCATED TO STATES MORE CLOSELY IN RELATION TO THEIR INTERSTATE REPAIR AND RECONSTRUCTION NEEDS.

OUR COMMISSION HAS ALSO CONSISTENTLY SUPPORTED STATE AND FEDERAL EFFORTS TO ASSESS TRUCK FEES ON THE BASIS OF THEIR LADEN

WEIGHT AND DISTANCE TRAVELED. THE GEOMETRIC RELATIONSHIP BETWEEN VEHICLE WEIGHT AND ROAD DAMAGE MAKES THIS APPROACH TO TAXATION PARTICULARLY APPEALING: THOSE USERS WHO CAUSE GREATER DAMAGE TO THE ROAD SYSTEM WOULD PAY A GREATER SHARE OF THE COST. IT MAKES SENSE FOR THIS KIND OF TAX TO BE DEDICATED TO A PROGRAM GEARED TOWARD SYSTEM REPAIR SUCH AS THE INTERSTATE 4R PROGRAM.

ALTHOUGH EFFORTS TO ENACT STATE LEGISLATION TO IMPOSE A TON-MILE TAX HAVE BEEN REPEATEDLY DEFEATED, RECENT DEVELOPMENTS HOLD SOME PROMISE FOR THE FUTURE. AN IMPRESSIVE COALITION OF INTEREST GROUPS IS DEVELOPING TO SPONSOR SUCH LEGISLATION NEXT YEAR WHEN THE CALIFORNIA LEGISLATURE RECONVENES. ONE OF THE DIFFICULTIES FACING A TON-MILE TAX IS THE FACT THAT CALIFORNIA'S TRUCK WEIGHT FEES WERE INCREASED BY 60 PERCENT ACROSS-THE-BOARD LAST YEAR. THIS WAS PART OF A COMPREHENSIVE TRANSPORTATION FINANCING PACKAGE THAT INCLUDED A TWO CENT PER GALLON INCREASE IN THE STATE GAS TAX, WHICH WILL GO INTO EFFECT IN JANUARY.

PROGRAM REFORM

NOW I WOULD LIKE TO TURN TO SOME OF THE ISSUES RELATING TO RESTRUCTURING THE FEDERAL HIGHWAY PROGRAM IN WAYS THAT REDUCE THE NEED FOR GREATER AND GREATER FEDERAL FUNDING COMMITMENTS.

FEDERAL AID INTERSTATE (FAI)

THERE CAN BE NO DOUBT THAT THE GREATEST FEDERAL INTEREST HAS BEEN IN THE FEDERAL-AID INTERSTATE (FAI) PROGRAM. THE PRIORITY

THAT HAS BEEN GIVEN TO THE INTERSTATE PROGRAM SINCE ITS INCEPTION IS A LEGITIMATE ONE. BUT WE BELIEVE THAT THE TIME HAS COME FOR A SHIFT AWAY FROM THIS EMPHASIS FOR TWO REASONS.

FIRST, THE INTERSTATE COST ESTIMATE (ICE) FOR THE INTERSTATE SYSTEM HAS GROWN BEYOND ANYONE'S EXPECTATIONS, AND BEYOND WHAT WE CAN READILY AFFORD. WE BELIEVE THE INTERSTATE COST-TO-COMPLETE SHOULD BE TRIMMED FURTHER. THE 1981 HIGHWAY ACT BEGAN THE JOB BY REDUCING THE COST-TO-COMPLETE BY SOME $15 BILLION TO AN ESTIMATED $38.8 BILLION (1979 DOLLARS).

OF COURSE, THE DIFFICULTY THAT YOU WILL FACE IN FURTHER REDUCING THE COST-TO-COMPLETE IS IN BALANCING LONG-STANDING COMMITMENTS TO SPECIFIC INTERSTATE PROJECTS AND EQUITY CONSIDERATIONS AMONG STATES - AGAINST COMPETING HIGHWAY PROGRAM NEEDS.

EXISTING FEDERAL COMMITMENTS SHOULD BE UPHELD. PERHAPS ONE WAY TO DEAL WITH THIS PROBLEM IS TO MAKE SOME OF THE ADDITIONAL INTERSTATE PROJECTS DELETED ELIGIBLE FOR THE I-4R PROGRAM, AS WAS DONE IN THE 1981 HIGHWAY ACT. BY DOING SO, FUNDING FOR THESE PROJECTS BECOMES MORE OF A STATE AND LOCAL CHOICE. IT IS REASONABLE TO EXPECT THAT INTERSTATE PROJECTS SERVING PRIMARILY LOCAL TRAVEL DEMANDS MIGHT BE TREATED IN THIS MANNER. OF COURSE, GIGANTIC PROJECTS SUCH AS THE WESTWAY HIGHWAY OR CENTURY FREEWAY, BECAUSE OF THEIR EXPENSE, COULD NOT BE TREATED THIS WAY.

SECONDLY, WE BELIEVE THE FOCUS OF THE NATIONAL HIGHWAY PROGRAM SHOULD, OVER THE NEXT FEW YEARS, SHIFT FROM COMPLETION OF THE INTERSTATE SYSTEM TO THE INTERSTATE 4-R PROGRAM. IN SHORT, WE BELIEVE THE HIGHEST NATIONAL HIGHWAY PROGRAM PRIORITY OVER THE LONG TERM SHOULD BE TO PROTECT AND PRESERVE THE ENORMOUS FEDERAL INVESTMENT THAT HAS BEEN MADE IN OUR NETWORK OF INTERSTATE HIGHWAYS. ULTIMATELY, PERHAPS THE 4R PROGRAM SHOULD COMPRISE AS MUCH AS 40-50 PERCENT OF THE TOTAL FEDERAL HIGHWAY PROGRAM. MOREOVER, BECAUSE WE BELIEVE THE NATIONAL INTEREST IS BEST SERVED BY A SYSTEM OF INTERSTATE HIGHWAYS THAT ARE IN GOOD CONDITION, WE SUPPORT A FEDERAL PARTICIPATION RATE OF 90 PERCENT.

AS YOU KNOW, RESURFACING IS AN EXTREMELY COSTLY VENTURE. SINCE THE NEED FOR RESURFACING CAN BE DECREASED THROUGH REGULAR REPAIR ACTIVITIES, AND AT A SUBSTANTIALLY LOWER COST, IT IS CRITICAL THAT INTERSTATE RECONSTRUCTION NEEDS BE MET AS QUICKLY AS POSSIBLE. A 90/10 FEDERAL/STATE MATCHING RATIO WOULD PROVIDE AN INCENTIVE FOR STATES TO MEET THESE NEEDS. THERE MAY BE MERIT IN SINGLING OUT INTERSTATE RECONSTRUCTION PROJECTS FOR THE HIGHEST FEDERAL PARTICIPATION RATE.

FEDERAL AID URBAN PROGRAM

THERE HAS BEEN A GREAT DEAL OF DISCUSSION ABOUT ELIMINATING, OR REDUCING THE FEDERAL MATCH FOR THE FEDERAL-AID URBAN (FAU)

PROGRAM. OUR COMMISSION SUPPORTS THE RETENTION OF THE FAU PROGRAM AT CURRENT FEDERAL/STATE PARTICIPATION RATIOS.

THE FEDERAL INTERSTATE AND PRIMARY SYSTEMS DO NOT STAND ALONE, BUT ARE INTRICATELY INTERWOVEN WITH A NETWORK OF STATE HIGHWAYS AND LOCAL ARTERIAL ROADS, SOME OF WHICH ARE ON THE FAU SYSTEM. THE RELATIONSHIP BETWEEN THE INTERSTATE, PRIMARY, AND URBAN SYSTEMS IN ORANGE COUNTY CANNOT BE OVERSTATED. BECAUSE OUR INTERSTATE AND PRIMARY FREEWAYS ARE SEVERLY CONGESTED, AND ADJACENT SURFACE STREETS ARE OVERTAXED WITH TRAFFIC THAT WOULD OTHERWISE BE USING THE FREEWAY. IT IS DIFFICULT TO DISTINGUISH BETWEEN FEDERAL AND NON-FEDERAL RESPONSIBILITIES IN THESE CIRCUMSTANCES.

WE THINK THE FAU PROGRAM IS ONE THAT WORKS WELL. BECAUSE THIS PROGRAM IS EXTREMELY FLEXIBLE, IT HAS BEEN HIGHLY RESPONSIVE TO LOCAL NEEDS, FUNDING A WIDE VARIETY OF PROJECTS INCLUDING SIGNAL INTERCONNECTS, STREET WIDENINGS, PARK-AND-RIDE LOTS AND MULTI-MODAL TRANSPORTATION CENTERS. WE URGE YOU TO RETAIN THIS PROGRAM, AND CONTINUE TO FUND IT AT ABOUT TEN PERCENT OF THE TOTAL FEDERAL HIGHWAY PROGRAM.

FEDERAL AID PRIMARY PROGRAM

I WOULD LIKE TO COMMENT BRIEFLY ON THE FEDERAL AID PRIMARY PROGRAM. OUR COMMISSION VIEWS THE FEDERAL SYSTEM OF PRIMARY HIGHWAYS AS CLEARLY A FEDERAL RESPONSIBILITY, SECOND ONLY TO THE INTERSTATE SYSTEM. WE THINK THE PRIMARY PROGRAM WORKS WELL AND SHOULD BE CONTINUED WITHOUT MAJOR CHANGE.

STATE AND LOCAL REVENUE

AT THE BEGINNING OF MY REMARKS, I NOTED THAT ORANGE COUNTY'S TRANSPORTATION NEEDS WILL HAVE TO MET WITH A MIX OF FEDERAL, STATE, AND LOCAL FUNDS. I WOULD LIKE TO TAKE A MOMENT TO BRING YOU UP TO DATE ON OUR EFFORTS IN THESE AREAS.

AS YOU KNOW, LAST YEAR THE CALIFORNIA STATE LEGISLATURE ENACTED MAJOR TRANSPORTATION FINANCING LEGISLATION, THE FIRST IN THIRTY YEARS. INCREASES IN THE STATE GAS TAX - TO NINE CENTS/GALLON, TRUCK WEIGHT FEES, AND SEVERAL VEHICLE REGISTRATION/OWNERSHIP FEES WERE IMPOSED. IN ADDITION, THE TREND OF GASOLINE SALES TAX REVENUE GOING INTO THE STATE'S GENERAL FUND IN INCREASING AMOUNTS WAS REVERSED. IN TOTAL, THIS PACKAGE WILL INCREASE STATE FUNDING FOR TRANSPORTATION PROJECTS BY SOME $2.6 BILLION OVER THE NEXT FIVE YEARS.

SADLY, THE BULK OF THIS INCREASE WILL BE NEEDED TO FUND ONGOING MAINTENANCE COSTS AND TO CONSTRUCT PROJECTS PREVIOUSLY IDENTIFIED. ADDITIONAL STATE REVENUES WILL BECOME NECESSARY WITHIN FIVE YEARS.

PLANNING FOR ANOTHER INCREASE IN STATE RESOURCES DEDICATED TO TRANSPORTATION IS ALREADY UNDERWAY. A COALITION OF EMPLOYERS, THE TRANSPORTATION LOBBY AND PUBLIC AGENCIES HAS BEGUN TO DEVELOP A STRATEGY FOR ANOTHER FUNDING BILL.

LOCALLY, WE ARE EXPLORING A NUMBER OF POSSIBLE FUNDING SOURCES FOR TRANSPORTATION INCLUDING A LOCAL GAS TAX, SALES TAX, PARKING TAX, AN EMPLOYER-PAID TAX, DEVELOPMENT FEES, AND TOLL ROADS - A NOVELTY ON THE WEST COAST. WE EXPECT TO PRESENT A PROPOSAL TO THE ORANGE COUNTY VOTERS IN THE NOT TOO DISTANT FUTURE.

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, THAT CONCLUDES MY TESTIMONY. I HOPE THAT YOU WILL GIVE THESE THOUGHTS CAREFUL CONSIDERATION AS YOU PUT TOGETHER FEDERAL HIGHWAY LEGISLATION. OUR COMMISSION APPRECIATES THE OPPORTUNITY TO SPEAK BEFORE YOU TODAY.

I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

BINGHAM COUNTY COMMISSIONERS
WESLEY CHRISTENSEN, Chairman
VINCENT O'BRIEN
DALE ARAVE

P.O. BOX 867
BLACKFOOT, IDAHO 83221
PHONE 785-5005 Ext. 220

TESTIMONY OF WESLEY CHRISTENSEN
AT
SENATE TRANSPORTATION SUBCOMMITTEE
HEARING
SALT LAKE CITY, UTAH
SEPTEMBER 2, 1982

Good morning Mr. Chairman and staff members. I commend you for seeking Local Government input on proposed Federal Highways Legislation It is a pleaseure for me to appear and give testimony concerning our County's interest in your work.

My name is Wesley Christensen, Chairman of the Bingham County Commission, from Idaho, and also a member of NACO transportation steering committee.

Bingham County is in southeastern Idaho and has nearly 1200 miles of roads or about 1/4 as much mileage as the state hiway system. We maintain nearly 200 bridges and about as many smaller structures. The basic ecomomy of our county is agricultural with a heavy relianance on the rural transportation system. The majority of all our roads are off system, with only 1/3 of them being paved. We have been good custodians of FAS roads built in our County, but we have extremely limited funds to maintain the whole county system.

I am concerned about proposals which will increase costs in transporting goods to market especially if those costs will be born mainly by the agricultural community. Those proposals which effect the allocation of costs among the various users should be given careful scrutiny to assure that no segment of the national community pays an inequitable share. Since the trucking industry is a basic element key to the success of our agricultural community we believe no unnecessary additional costs or regulations should be born by them.

I support elimination of several of the excise taxes and an increase in fuel taxes. A tire or battery may be damaged beyond reclamation long before its useful life has expired, but a gallon of fuel is nearly always used and each user purchases fuel in direct proportion to his travel on the highway system.

I support federal fuel taxes since they are evenly applied while some state differences encourages penny concious border dwellers to regularly do buisness in neigboring states causing a loss of revenues in many cases.

The fairest taxes would be those reasonable attached in some way to usage of the highway system which is best measured by fuel comsumption or ton miles of travel.

We want the federal government to have greater confidence in the ability of local governments to manage local affairs. A case in point is the distribution of secondary road funds and off system bridge funds. In our case the 15% minimum use of bridge replacement funds for off system bridges has become the maximum allocation in our state routes. The state highway department has distributed information that shows that over 50% of the bridge problems are on locally administered systems.

It is our belief that no road is good without an adequate bridge, therefore we place a high priority on all bridge funding. We want the legislation to direct a more equitable portion of the funds for use by local government.

I strongly believe that good maintenance of all roads reduces user costs in a greater proportion than low taxes and poor maintenance on part of the system. The Interstate and State routes need to be maintained to a high level, but allowing chuck holes and break up and poor maintenance on the local system through lack of funding will still result in a high user cost. The provision of adequate funding for maintenance and 3 R work will pay for itself several times in savings to users.

I submit with my testimony the written resolutions of the NACO Transportation Committee and whole-heartedly endorse them and ask that you give them serious careful consideration and implement them in your legislation.

Resolution on

Increases in Truck Size and Weight and User Fee Increases for Heavy Trucks

WHEREAS, the National Association of Counties supports protection of our nation's highway investment and a greater emphasis on Interstate resurfacing, restoration rehabilitation, and reconstruction to preserve it;

WHEREAS, increases in gross vehicle and axle weight cause increasingly greater rates of pavement and bridge damage;

WHEREAS, the rising numbers of heavier and larger trucks will increase their responsibility for future highway damage;

WHEREAS, heavy combination trucks currently pay only 65 percent of their share of highway costs while other users pay at least 100 percent of the costs they incur;

WHEREAS, light trucks, vans and pick-ups pay more than their share of highway user costs because existing truck taxes are not graduated by weight.

WHEREAS, increased national standards for vehicle length and width will raise highway costs and create additional safety problems;

THEREFORE BE IT RESOLVED, that the National Association of Counties will not support further increases in truck weight unless they are accompanied by simultaneous and sufficient increases in the highway user fees paid by heavy trucks to compensate for the additional highway and bridge damage they will cause.

BE IT FURTHER RESOLVED, the National Association of Counties supports changes in the highway user tax structure, such as a graduated tax on a vehicle's registered gross weight, which insure that heavier vehicles pay a larger share of future highway costs.

RESOLVED, the National Association of Counties will not support increased national standards for truck length and width until their impact on highway costs and safety have been assessed and reflected in the highway user fees such trucks will pay in the future.

National Association of County Engineers

PRESIDENT
J.W. KEMP, P.E.
Lauderdale, Kemper,
Winston & Noxubee
County Engineer
1724 23rd Ave.
Meridian, MS 39301
601 693-4234

PRESIDENT ELECT
MAX L. ROTHSCHILD, P.E.
El Paso County
Director Department of
Transportation
3170 Century St.
Colorado Springs, CO 80907
303 471-5445

SECRETARY-TREASURER
MILTON L. JOHNSON, P.E.
Wapello County Engineer
326 Pike Road
Ottumwa, IA 52501
515 684-6928

PAST-PRESIDENT
VIRGIL A. HOLDREDGE, P.E.
Johnson County Engineer
P.O. Box 397
Olathe, KS 66061
913 782-2640

WESTERN REGION V.P.
DONALD B. HEAD P.E.
Sonoma County
Director of Public Works
575 Administration Drive
Room 117A
Santa Rosa, CA 95401
707 527-2231

NORTH CENTRAL REGION V.P.
CHARLES J. SWANSON, P.E.
Washington County
Highway Engineer
11660 Myeron Rd. N.
Stillwater, MN 55082
612 439-6058

SOUTH CENTRAL REGION V.P.
W.H. JORGENRUD, P.E.
Bremer County Engineer
415 E. Bremer Ave.
Waverly, IA 50677
319 352-1426

NORTHEAST REGION V.P.
CHARLES E. WILES, P.E.
Genesee County
Highway Engineer
211 West Oakley Street
Flint, MI 48503
313 767-4920

SOUTHEAST REGION V.P.
THOMAS HASTINGS, P.E.
Orange County
Director of Public Works
2450 33rd St.
Orlando, FLA 32805
305 420-3842

NACO DIRECTOR
BERNARD L. LIEDER, P.E.
Polk County Engineer
Box 27
Crookston, MN 56716
218 281-3952

RESEARCH DIRECTOR
ERNEST GEISSLER, P.E.
Director, County Road
Administration Board
6730 Martin Way NE
Olympia, WA 98506
206 753-6578

RESOLUTION

WHEREAS, the demands on all highway systems continue to increase and revenues remain level (the purchasing power is less than 25% of the value of the income received in 1959 when the existing federal gas tax was imposed) the situation with respect to preserving our highway systems has become critical; and

WHEREAS, the association supports the concept of "New Federalism" as it applies to highways provided the needed funding is available; and

WHEREAS, it is recognized that substantial increases are needed in federal highway authorization for the fiscal year 1983 and years following to restore the integrity of the systems.

NOW THEREFORE, BE IT RESOLVED that the National Association of County Engineers strongly supports an increase in user fees in order to preserve our system; and

BE IT FURTHER RESOLVED, that should any existing federal highway programs be returned to local government, we urge that funding be provided to the level of government responsible for the respective systems.

BE IT FURTHER RESOLVED that this resolution be forwarded to the NACo Transportation Steering Committee and urge their adoption and recommendation to the NACo Board of Directors.

ADOPTED this the 1st day of April 1982 at the general session of the County Engineers meeting at Kiameshia Lake, New York.

President

Milton L Johnson
Secretary-Treasurer

RESOLUTION ON GEOMETRIC DESIGN STANDARDS FOR NON-INTERSTATE RESURFACING, RESTORATION AND REHABILITATION PROJECTS

WHEREAS, the National Association of Counties reaffirms its commitment to greater federal funding and emphasis on highway resurfacing, restoration and rehabilitation (3R);

WHEREAS, the National Association of Counties strongly supports a leadership role for states, counties, and other localities in reducing the nation's accident rate on the highways for which they are responsible through adoption of effective and safe standards for future 3R work;

WHEREAS, the National Association of Counties strongly supports the intent of the Federal Highway Administration's (FHWA) final rule on geometric design standards for 3R work in permitting states and localities the flexibility to cooperatively develop their own 3R design standards;

WHEREAS, pending House legislation specifically prohibits the FHWA's approach to 3R design standards;

THEREFORE BE IT RESOLVED, that the National Association of Counties urges the House Committee on Public Works and Transportation to reconsider its approach to 3R design standards for non-Interstate highways in H.R. 6211;

BE IT FURTHER RESOLVED, that the National Association of Counties urges the House Committee on Public Works and Transportation to grant a trial period to implement and judge the safety and effectiveness of the FHWA rule before precluding this approach in its highway reauthorization legislation;

BE IT FURTHER RESOLVED, that the National Association of Counties urges the FHWA to insure that the requirements of its technical advisory on the rule be implemented in a flexible and workable manner, emphasizing cost-effectiveness and safety as its major goals.

RESOLUTION IN SUPPORT OF INCREASED HIGHWAY USER FEES

WHEREAS, a well maintained highway system is essential to the health of the economy, the viability of interstate commerce and personal mobility and serves as the infrastructure of an effective national defense;

WHEREAS, repair and construction costs are escalating yearly at a rapid rate on all highway systems including the Interstate, Primary, Urban and Secondary Systems, while trust funds revenues are steadily declining due to advances in motor fuel economy and a shrinking tax base unchanged since its inception;

WHEREAS, counties are responsible for the maintenance and repair of the majority of highways included in the Federal Aid Secondary and many of those included in the Federal Aid Urban System;

WHEREAS, the current four cent per gallon highway user fee does not generate sufficient revenue to fund completion of the Interstate, Interstate Transfer Projects, and to preserve current performance conditions on the existing Federal Aid Highway System;

WHEREAS, the Secretary of Transportation, therefore, supports a five cent increase in highway user fees to finance growing highway and transit capital needs;

WHEREAS, the National Association of Counties supports an effective public transportation trust fund and a stable and reliable source of federal support for public transportation as essential to effective public transportation facilities and programs;

WHEREAS, the President has proposed to turn back to states and localities transportation programs vital to counties and pledged to return with them the revenue sources to pay for them;

THEREFORE, BE IT RESOLVED, the National Association of Counties supports a five cent increase in the federal motor fuel tax and other user tax such as those on heavy trucks for the purposes of raising revenues sufficient to meet the rising costs of maintenance and repair on the Federal Aid Highway System as presently constituted and to finance transit capital needs critical to counties, setting aside four cents for highways and one cent for transit capital needs;

BE IT FURTHER RESOLVED, the National Association of Counties would only support a five cent highway user fee increase in the event of a turnback of some transportation programs to states and localities if at least two cents of the additional revenues will be returned to the states and localities to provide an ongoing source of funding dedicated to financing those transportation programs turned back.

BE IT FURTHER RESOLVED, the National Association of Counties supports a one year extension of highway and transit legislation if a user fee increase is not enacted by Congress this year.

RESOLUTION ON THE IMPLEMENTATION OF THE NEW FEDERALISM INITIATIVE IN TRANSPORTATION PROGRAMS

WHEREAS, the National Association of Counties strongly supports the concepts of decentralization and the return of control over essential government services to that level of government most capable of delivering them;

WHEREAS, the National Association of Counties regards as necessary to its support of any transfer of program responsibilty to states and localities the recognition and preservation of the existing role of general purpose local governments in turned back program and the simultaneous turn back of the financial resources necessary to meet these responsibilities to the level or levels of government required to implement these programs;

WHEREAS, the National Association of Counties further regards as an essential component of an acceptable turn back proposal full and mandatory pass-throughs of funds by states for turned back programs whose services local governments are required to continue;

WHEREAS, the National Association of Counties further insists that any turn back proposal contain a commitment by states to preserve cooperative decisionmaking relationships with local governments already established in programs to be turned back and to engage in meaningful consultation with their local governments on the overall funding levels, funding priorities, and policy guidelines of the programs for which they are jointly responsible;

WHEREAS, the National Association of Counties regards an adequate transition period for implementing any turn back of program responsibilities as vital to its success;

WHEREAS, the National Association of Counties supports the dedication and use of user fees for the program purposes for which they were collected;

THEREFORE, BE IT RESOLVED, that the National Association of Counties supports a turn back of the Federal Aid Secondary and Urban Systems if local government funding is held harmless at FY '82 levels and cooperative decisionmaking relationships are preserved or developed by states with local governments jointly responsibility for carrying out these programs;

BE IT FURTHER RESOLVED, that the National Association of Counties supports a transition time for transportation programs equal to the length of the next multi-year federal highway reauthorization;

BE IT FURTHER RESOLVED, that the National Association of Counties supports a separate transportation turn back trust fund financed by at least two cents in federal highway user fees and dedicated to the purposes of the transportation programs returned to states and localities;

BE IT FURTHER RESOLVED, that the National Association of Counties supports a continuation of existing flexibility in reallocation of Secondary and Urban highway funds and greater flexibility in funding transfers if affected local officials are consulted and concur in these transfers prior to their enactment.

NACo
National Association of Counties
Offices • 1735 New York Avenue N.W., Washington, D.C. 20006 • Telephone 202/783-5113

MEMORANDUM

TO: Jon Weintraub
Herb Jones

FROM: Kathy Hoffman

DATE: February 17, 1982

RE: FY'83 Transportation Budget

- The Transportation Steering Committee recommends the following funding levels for highway, transit, and airport programs:

	(millions)
- Bridge Replacement and Rehabilitation	$ 900
- Federal Aid Secondary	$ 400
- Federal Aid Urban System	$ 800
- Urban Mass Transportation Discretionary Grants (Section 3)	$1,449
- Urban Mass Transportation Formula Grants (Section 5)	$1,365
- Rural Public Transportation (Section 18)	$ 69
- Airport and Airway Development	$ 450

- Supports user fee increases if additional revenues will be utilized for highway, transit, airport development and aviation safety programs critical to counties.

- Urges Congress to use the reauthorization and appropriations processes to make decisions on future funding levels, programs changes and turnback proposals.

CRITICALLY DEFICIENT LOCAL BRIDGES IN IDAHO
(Sufficiency Rating Less Than 50.0)

COUNTY	NO.	REPLACEMENT COST
Canyon	77	$ 12,950,000
Ada	28	8,115.000
Washington	33	7,215,000
Nez Perce	23	6,660,000
Kootenai	12	3,980,000
Adams	30	3,975,000
Bingham	23	3,880,000
Caribou	16	3,725,000
Shoshone	16	3,710,000
Bonner	8	3,575,000
Fremont	21	3,305,000
Boise	11	2,915,000
Lincoln	22	2,895,000
Boundary	12	2,675,000
Latah	20	2,635,000
Elmore	14	2,485,000
Camas	17	2,440,000
Twin Falls	8	2,405,000
Valley	9	2,260,000
Bear Lake	8	2,225,000
Butte	16	2,100,000
Custer	11	2,060,000
Gooding	9	2,025,000
Minidoka	3	1,985,000
Bannock	10	1,885,000
Teton	12	1,850,000
Jerome	15	1,830,000
Blaine	14	1,740,000
Clark	7	1,650,000
Bonneville	12	1,610,000
Gem	9	1,505,000
Idaho	9	1,425,000
Owyhee	10	1,360,000
Benewah	11	1,295,000
Lemhi	6	1,290,000
Clearwater	6	1,155,000
Franklin	6	1,145,000
Madison	10	1,035,000
Payette	6	925,000
Jefferson	4	525,000
Cassia	4	380,000
Power	3	285,000
Oneida	2	240,000
Lewis	0	0
TOTAL	603	$115,325,000

On Federal-Aid Systems 464
Off Federal-Aid Systems 1848 = 2312 Local Bridges

The state has $104,000,000 worth of deficient Bridges

STATEMENT OF
MR. STEVEN A. GOODSELL
GENERAL SOLICITOR
UNION PACIFIC RAILROAD COMPANY

Good afternoon. My name is Steve Goodsell and I am General Solicitor for Union Pacific Railroad. I am appearing today in my capacity as Chairman of the Utah Railroad Association to provide the Subcommittee the rail industry's perspective on the future of the Federal-aid highway program.

Few dispute recent government reports finding that America's highways and bridges are crumbling and immediately require substantially greater funding if they are to be preserved. Between 80% and 100% of all Federal-aid system mileage is expected to require resurfacing by 1995,1/ while already over 40% of the nation's bridges are either structurally deficient or functionally obsolete.2/ There is also general agreement that the Highway Trust Fund should be maintained, since through the Fund those who use and benefit from the highways directly finance their construction and

---

1/ U.S. Department of Transportation, The Status of the Nation's Highways: Conditions and Performance, (Washington, D.C., January, 1981), p. 134.

2/ Federal Highway Administration, cited in The Asphalt Bungle, by David Osborne, Inquiry Magazine, October 19, 1981, p. 15.

maintenance. The controversial issue is the allocation of highway costs among users in a manner that assures not only adequate highway funding, but equity among the various classes of highway users. Unless a long term solution to cost allocation is achieved, timely and thorough restoration of bridges and highways will not be possible.

State Funding Needs and Cost Studies

Like the Federal government, the states without exception are facing critical shortfalls in highway revenues. The Utah Department of Transportation estimated late last year that the State would have to resurface 270 miles of road each year just to maintain those roads that are 20 years old. Currently, however, only 40 miles can be resurfaced annually. By the beginning of fiscal year 1983, the Utah DOT projected a backlog of $144 million. A substantial portion of this backlog can be attributed to insufficient Federal appropriations, since about 60 percent of all highway revenues available to Utah are derived from the Federal Trust Fund. Only the States of Montana and Nevada are more dependent on the Federal-aid highway program.[3]

As a result of the funding crunch, most states have or are in the process of carefully reviewing highway financing mechanisms and revenue sources. Cost allocation studies have been undertaken by some 30 states during the past four years, and can be expected in additional states as highway funds deteriorate further. A number of these studies, while conducted according to methodologies different from the Federal analysis, have similarly found that heavy vehicles are underpaying for use of the highways. The State of Florida concluded that heavy truck fees should be doubled,[4] while in Georgia an increase in heavy truck taxes of 125 percent was deemed necessary to achieve equity among users.[5] Oregon's 1980 cost allocation review found that heavy vehicles should contribute 45 percent of all user charge revenues. The share of revenues allocated to trucks represented a jump of 9 percentage points since the State's last cost study was completed in 1974. In large measure, the DOT attributed the increase to the growth of intercity truck travel, which has far exceeded increases in automobile mileage.[6]

---

[3] Federal Highway Administration, Highway Statistics 1980, (Washington, D.C., 1981) p. 68.

The Rail Stake in Highway Financing

America's railroads have a very legitimate interest in heavy truck user charge payments. Because heavy trucks

---

[4] State of Florida Department of Transportation, Florida Highway Cost Allocation Study, September, 1979, p. 13.

[5] State of Georgia Department of Transportation, Georgia Highway Cost Allocation Study, March, 1979, p. i.

[6] Oregon Department of Transportation, Motor Vehicle Cost Responsibility Study 1980: Summary Report, February, 1981, pp. ii and 19.

have to date not been assessed fees commensurate with responsibility for payment damage, substantial segments of rail traffic have been diverted to the trucking industry. Between 1947 and 1978, when the bulk of the Interstate System and other major highways were constructed, rail share of intercity freight traffic ton-miles fell from 65.3 percent to 35.2 percent, while motor carrier share rose from 10 to 24.4 percent over the period.[7] Traffic losses continue to be considerable. Rail boxcar loadings, basically general merchandise most competitive with trucks, declined by about 38 percent from 1976 through 1981. Although trailer-on-flatcar traffic increased over this period, it has not kept pace with the growth of intercity truck traffic.

Sums paid out annually by the railroads for taxes and maintenance of their rights-of-way must be reflected in rail rates. In 1980, property taxes paid by the industry amounted to $441 million while capital expenditures totalled $3.6 billion.[8] As the trucking industry's right-of-way has been largely financed by drivers of automobiles and light-weight pickup trucks and vans, truck rates do not reflect the true cost of doing business. As a result, not

---

7/ Transportation Association of America, Transportation Facts and Trends, 1981 (Washington, D.C., 1981) p. 3.

8/ Association of American Railroads, Yearbook of Railroad Facts - 1981 Edition, (Washington, D.C., June, 1981) pp. 5 and 18.

only is traffic lost to the railroads, but rail rates remain artificially depressed on traffic which is truck competitive. It has been estimated that this involves about 70 percent of all rail traffic. To the extent that highway funding inequities persist, the rail industry will continue to be at a severe competitive disadvantage.

State Financing Funds

Recent efforts at the state level to resolve funding difficulties have for the most part involved stopgap measures such as fuel tax increases which only temporarily relieve funding pressures and preserve user charge inequity. Eleven states and the District of Columbia increased fuel tax rates in 1980.[9] Nine of these states and the District of Columbia again increased fuel taxes in 1981, and were joined in tax hikes by another 16 states. So far this year, seven states have enacted fuel tax increases, five of which also increased taxes in 1980, 1981, or both years.[10]

In recent years, fuel taxes have become an inadequate financing tool. Sharp rises in gasoline and diesel prices during 1979 and 1980 sparked production of more fuel efficient automobiles and curtailed road travel. As a result, fuel tax revenues to both the states and the

---

[9] The Wall Street Journal, January 19, 1982.

[10] Transport Topics, "Seven States Raise Fuel Taxes, Six More Considering", June 14, 1982.

Highway Trust Fund have declined significantly. Even the indexed or variable fuel tax which rises automatically with increases in the per gallon cost of fuel has been found sorely lacking. When fuel prices dropped earlier this year, so did tax revenues.

Utah last increased its fuel tax in 1981, from 9 cents to 11 cents per gallon. Because highway revenues have remained insufficient to meet rehabilitation needs, the State this year increased truck registration fees by 10 percent, and doubled fees for certain overweight and temporary operating permits. Utah's recent experience demonstrates the need for a long-term solution to current financing problems. Selective fee increases within the State's existing tax structure over the past few years have not eliminated funding shortfalls. Indeed, the marginal increases in highway revenues do not even approach the rate at which pavement is deteriorating.

Beyond reliance on motor fuel tax revenues, all levels of government are deriving a greater share of highway revenues from nonuser sources. According to the U.S. Department of Transportation, the percentage of Federal revenues contributed by users declined from 93.1 percent in 1961 to 79.2 percent in 1979. User charges at the state level made up 92.2 percent of highway revenues in 1979, down from nearly 98 percent in 1961.[11/] Nonuser revenues, such as block grants and economic development funds, are drawn from general funds at the expense of those who do not use the highways.

Federal Cost Allocation

The Federal cost allocation study provides a sound basis on which to reverse the nonuser financing trend and at the same time avoid mere stopgap funding measures. In addition, although all vehicles would be impacted by user charge increases, the study financing recommendations would distribute highway costs more equitably among vehicle classes.

The Federal study is in many respects superior to past Federal and state cost allocation efforts. In large measure, the improvements emanate directly from the Surface Transportation Assistance Act of 1978 which mandated the review. Notably, Congress stipulated that the analysis be conducted according to a methodology based on equity rather than on benefits and costs or some other more subjective criteria. In addition, the Department of Transportation was required to assign no cost to nonusers. The last Federal cost study, completed in 1964, allocated to nonusers 8 percent of Federal highway expenses.

11/ Ibid, Status of the Nation's Highways, p. 27.

The manner in which pavement construction costs are allocated by the study is far more equitable since pavement cost responsibility is measured by removing one part of each axle weight class for each layer of pavement. Under the basic incremental method used in previous cost studies, new pavement expenses have been allocated by theoretically removing succeedingly lighter axle weights from the traffic base, and charging each weight class for the additional layers of pavement the class necessitates. Obviously, removing the heaviest axles first from a thick pavement has a much lesser impact than were the axles removed from a thin pavement. By removing one part of each axle weight class for each pavement increment, the current Federal study eliminates excessive and unwarranted costs often assigned to lighter vehicles.

Contrary to the assertions of the trucking industry, pavement 4R expenses are not allocated according to an "untested method" that ignores the impact of the environment on pavement conditions. The Department of Transportation in fact specifically rejected the strict application of the AASHTO Road Test results because no consideration was given to environmental factors. Instead, a major research effort was undertaken by the Department to examine the role of both traffic and climate in decisions to rehabilitate highway pavements. The result of the study was to actually attribute a greater share of 4R work to environmental deterioration, thereby reducing the costs allocated to heavy trucks. The Director of the Federal Highway Administration has indicated that the importance accorded weather and climate may well be excessive.

The principal failing of the DOT study is with regard to highway expenses that are considered the collective responsibility of all vehicles. These residual or common costs, which comprise 47 percent of all highway expenses, are allocated on the basis of vehicle miles of travel. Application of VMT automatically places the burden for common costs on light-weight vehicles, although as indicated by the Federal DOT, many common costs such as Interstate gap closures and projects involving additional traffic lanes are necessitated disproportionately by big trucks.

As a result, Federal DOT estimates of truck underpayment are extremely conservative. Although the Department concluded that heavy combination trucks are now paying only 65 percent of their cost responsibility, the actual extent of underpayment may be greater. Approximately one-third of all highway costs are assigned to heavy combinations, but of this amount only 2.85 percent consists of common costs. For this reason, the proposed increases in truck user charges should be viewed as the minimum rather than the maximum necessary to achieve user equity.

Revenue Raising Options

In designing alternative user charge structures based on cost responsibility, an overriding consideration of the DOT was ease of administration. For this reason, the Department rejected application of a weight-distance tax, although concluding that such a tax "could contribute significantly to a fairer and more efficient tax structure". Eight states - New York, Ohio, Idaho, Wyoming, Colorado, Oregon, Arizona and New Mexico now enforce such taxes. Because pavement damage is a function of both axle weight and number of axle weight applications, the tax is the most accurate method of assessing vehicles for pavement wear and tear. Even the graduated registration fee cannot assess heavy trucks according to actual cost responsibility, since the fee does not measure use of the highways. Two 80,000-pound trucks, for instance, would pay the same fee, although one of the vehicles may log substantially greater mileage during the year, and therefore be responsible for a greater share of pavement expenses.

Cost of administering weight-distance taxes range from about 3 to 10 percent of gross revenues. In practice, the taxes do not present serious administrating difficulties, since mileage and weight data is reported for purposes of enforcing fuel and registration fees. For all of these reasons, the weight-distance tax is far preferable to any other user charge mechanism.

Of the financing alternatives advanced by the DOT option 2C appears to merit the most serious consideration. This option would eliminate taxes currently applied to lubricating oil, inner tubes and truck parts and accessories to reduce the burden of administering highway user charges, and at the same time more equitably allocate highway costs among all users. The graduated use tax is the most important element of the proposal, since it measures truck cost responsibility more accurately than fuel and other Federal fees.

The impact of the fee increases on heavy combination trucks would be minimal. Assuming total user charge receipts of $10 billion annually, truck costs are expected to increase by only 3.3 percent, while freight costs are projected to rise by only 0.2 percent. Traffic diversion due to higher charges would also be marginal, although fee increases would stimulate competition for freight traffic between the trucking and rail industries.

Federal and State Financing Relationships

Adoption of an equitable tax structure at the Federal level would also provide a working model for the states, where two-thirds of all user charges are collected. Although many states share common revenue mechanisms, such as fuel taxes and registration fees, tax rates vary considerably as does the percentage of user charges contributed by heavy trucks. Application of the Federal study and revision of tax structures could serve to both improve equity and tax uniformity. Such would not only relieve state collection burdens, but the expense and frustration of trucking firms in attempting to comply with a myriad of tax requirements.

Truck Size and Weight Allowances

A final point is that Federal user charges should be revised before any further size and weight allowances are legislated by Congress. While user charges have not been raised since 1961, truck axle and gross weight limits on the Interstate System were increased in 1974, and the trucking industry is now actively campaigning for new minimum restrictions. Such allowances would only exacerbate existing inequity, and further accelerate highway damage. It has been estimated that the 1974 weight increase caused a 40 percent increase in the rate of payment deterioration. If for no other reason, the share of highway costs allocated to big trucks should not be surprising.

The rail industry urges Congress to take all steps necessary to assure that our highways and bridges are properly maintained. But in considering revenue raising measues, Congress should not abandon the cost allocation study - four years in the making - for the user charge proposal advanced by the ATA. The proposal would merely perpetuate and actually worsen the inequities of the present tax structure.

Elimination of the truck subsidy is in the interest of all. The vast majority of highway users now pay far more than their fair share of highway expenses, while all taxpayers are forced to contribute additional sums even though they may not use the highways. Revision of Federal user charges would significantly reduce the burden on these groups and at the same time would enable railroads to compete with the trucking industry on a fair and equal footing.

Thank you. I would be happy to answer any questions you may have.

STATEMENT OF ARNOLD S. LESSING

GOVERNMENT RELATIONS CHAIRMAN, AMERICAN TRUCK DEALERS

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION OF THE

SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE

ON

FEDERAL HIGHWAY TAXATION POLICY

SALT LAKE CITY, UTAH

SEPTEMBER 2, 1982

Senator Symms, thank you for this opportunity to address the Committee on the subject of Federal Highway Tax policy. My name is Arnold Lessing, and I represent the American Truck Dealers (ATD), a Division of the National Automobile Dealers Association. As President of Denver Peterbilt, Inc., I am actively involved in the sale of heavy duty trucks.

ATD strongly urges the prompt completion of the interstate highway system, and the timely maintenance and modernization of existing federal roads and bridges. We also recognize that specific revenues must be provided for those purposes. ATD supports the principle of deriving highway revenues in a manner closely related to highway use. My testimony today is therefore limited to the subject of Federal Excise Tax on heavy trucks and truck parts, which accounted for only 12½ per cent of 1980 Highway Trust Fund revenues, and which would provide an even smaller percentage under every alternative offered in the DOT recommendations.

While the final report on the Highway Cost Allocation Study does not specifically recommend total elimination of excise tax, some of the alternatives offered do propose the elimination of FET on truck-trailers and on parts and accessories, and every alternative mentioned would eliminate the tax on a third to half of the trucks on which the tax now applies. Working Paper No. 12, the last interim report on the Study, offered two alternatives that did eliminate the tax totally on all trucks.

ATD's position is: The Federal Excise Taxes on trucks and truck parts create inequities and unintended burdens, and are not suitable or practical as user fees. Those excise taxes should be eliminated and replaced with revenue from other sources more closely related to highway use. The reasons for this position are:

(1) The excise tax on vehicles does not pay for any specific or measured amount of use. To the contrary, it is not at all related to use, and trucks that are used to a very limited degree on interstate highways (such as logging trucks) pay as many dollars in tax as trucks that are used constantly in transcontinental service. Heavy-duty trucks can, and often do, operate in highway service for fifteen or twenty years; yet, the owner of a truck that is lost through accident after fifteen or twenty months is not refunded any portion of his excise tax, and must pay a full, undiminished, tax on the replacement vehicle for another indefinite period of use. The effect of this is the amount of tax paid for any specific miles of highway use is largely a matter of chance and depends in great measure on unrelated circumstances, such as the nature and location of the purchaser's business.

(2) Another argument we offer in support of our contention that a sales or excise tax is not an efficient assessment against use involves importation of trucks from or through Canada. Since Canada no longer imposes such a tax, users are tempted to purchase U.S.-built trucks that have been exported tax-free to Canada. After some amount of use in Canada these trucks may be imported legally without payment of excise tax, and many new vehicles enter our Country represented as used in a deliberate evasion of the tax. In either case, those vehicles then operate on U.S. roads without the payment of a tax that is required to be paid on other vehicles. The Internal Revenue Service is making special efforts to enforce compliance on new vehicle imports, but we are not aware of any plan or even a proposal to change the regulation that permits importation of used U.S.-built vehicles without payment of FET. We feel there should also be some concern over the possibility that incentives to buy equipment in Canada in a manner that avoids U.S. taxes might naturally lead to attempts to avoid U.S. safety and emission requirements for the purpose of reducing expense.

(3) A related inequity results when purchasers in certain taxing jurisdictions are required to pay seven per cent or more sales or use tax on the ten per cent excise tax, while other areas have no sales tax or specifically exempt excise tax from

sales tax computation. The resulting difference of as much as $400 or $500 on a heavy-duty truck cannot be viewed as a user tax, because the penalty imposed on the less fortunate buyer gives him no more access to the highways than the "luckier" user who pays his State taxes in some other form.

(4) A primary objection to the excise tax from our viewpoint is that it has been the only component of the Highway Trust Fund that is based on value. As a consequence, the excise tax has escalated constantly with the price of trucks, while all other forms of highway taxes have either remained constant or, in the case of fuel tax, tended to be reduced as a result of more efficient truck engines and drive-train components. The result has been the placing of an increasingly disproportionate burden on the selling price of new vehicles.

(5) The very nature of the FET on vehicles imposes a penalty on investment in new equipment -- a disadvantage that now, more than at any other time, should be eliminated.

(6) From the standpoint of the truck dealer the most frustrating and unfair feature of the excise tax is that it is collected in advance from the dealer. In transactions involving the sale of a truck by a factory-owned retail store, the IRS waits for remittance of the tax until a sale is actually

made and the tax has been collected from the retail customer, no matter how long a period of time intervenes between the manufacture of the vehicle and the retail sale. This time interval is often several months. By contrast, a dealer selling trucks in the same city at the same time is required to pay the tax at the time he purchases the vehicle from the factory, no matter how far in advance of the retail sale that might turn out to be. And here I am not speaking of a deposit or a partial payment against a tax known to be due; I am referring to a procedure that requires a dealer to pay a tax of several thousand dollars on his stock trucks before it is even definitely known whether a tax will even be involved. In some instances, a truck purchased for stock that remains in inventory for several months is eventually sold to a tax-exempt entity. In such instances, the dealer, having been required to pay 10 per cent of his purchase price at the time he stocked the truck (on the assumption tax probably would eventually be due) must seek a refund of his payment from the manufacturer. At the same time our Government is providing low-interest loans for disaster victims, the truck dealers, who are the victims of an economic disaster themselves, are in effect making interest-free loans to the Government as a result of their prepayment of FET. Again, I point out that if the retail outlet happens to be owned by the manufacturer, stock may be held in any quantity for any length of time without any payment of tax until the vehicle is sold.

(7) Prepayment of the FET by the dealer inflates the value of his inventory. A typical dealer pays interest on his inventory loans at a rate of one or two per cent above the prime rate and, incurs additional expenses in the form of inventory taxes and insurance on his parts and vehicle inventories. The additional expense of carrying the tax in inventory can amount to as much as $100,000 a year or more in a large dealership. This is a very real expense that usually must be absorbed by the dealership. The only alternative is to pass the expense along to the retail customer; but, if the dealer's competition is a factory branch that does not have this expense, the competitive situation often just does not allow this to be done. Loss of sales often results when it is attempted. Some figures relating to the inventories in my dealership might give perspective to the prepayment aspect of the tax. The trucks sold from my inventory so far this year remained in inventory an average of 164 days, and the average excise tax was $5,600 a truck. The trucks remaining in my inventory as of today, September 2, have been there an average of 196 days and the excise tax paid on those units at the time of purchase from the factory averages $6,069. For the first seven months of 1982 the parts we sold were on hand 89 days prior to sale. In each instance, FET was included in my purchase price. My most

direct competition for vehicle and parts sales includes three major factory branches, who are not required to prepay FET and presumably have no expense for interest, insurance or local taxes on Federal Excise Tax.

(8) Another troublesome complication and inequity results from the treatment of "further manufacture", a term applied to changes made to a vehicle by a dealer after it leaves the factory. Even though the "manufacturer's" tax is collected at the factory level based on the factory selling price to the dealer, additional tax is sometimes due when further manufacture is involved. Additional tax for specific additions would not, in itself, be a particular problem; but, the basis for the computation of the tax on the entire vehicle changes, and is based on the retail rather than wholesale price. This can result in higher tax on a dealer sale than on a factory sale of an identical vehicle to the same customer. Partial relief in the form of a revised computation was given several years ago, but a problem still exists. It is also a fact that interpretation of the complicated subject of further manufacturing varies greatly from time to time, and from one tax auditor to another. The problems with further manufacture greatly outweigh the modest amount of additional tax derived from any reasonable computation of additional tax due, and it would appear the lost revenue could readily be made up from another source if this burdensome feature were eliminated.

(9) All of the above factors combine to inhibit the purchase of new trucking equipment. With truck sales currently running at a level just half of what they were in 1979, this subject is obviously of vital interest to us as truck dealers. There are, however, other considerations that involve the public interest as well as our own. Other groups and individuals would also benefit from stimulated truck sales, and replacement of older vehicles with new trucks built with more fuel-efficient engines, improved braking and safety features and built in compliance with current noise and emission standards, would obviously be of benefit to the general public. A faster replacement rate would tend to keep the evolution toward modern equipment standards at a pace closer to that anticipated when new regulations were put into place. The greatest stimulant Congress could provide for new truck sales would be to eliminate excise tax and thereby remove the heavy cost now "loaded" into the initial purchase price.

In the opinion of ATD, the opening of the entire subject of highway costs and user responsibility provides an excellent opportunity to remove the impractical excise taxes completely, and we sincerely hope your investigation and study of the subject will bring the Committee to the same conclusion.

We are confident that familiarity with the circumstances will cause Congress to do away with excise tax on trucks, trailers and parts; but, while the broad and complicated subjects embraced in the Highway Cost Allocation Study are being deliberated, some immediate relief is also needed. That relief can and should be provided through the immediate change in the point of collection of FET on dealer sales. The tax should be made to become due only upon sale to a user, which has always been the case in sales through branches. While only a partial measure, such a change (which is already the subject of proposed legislation in both the House and Senate) would at least remove the burden of financing the cost of excise tax and, if properly implemented, could do away totally with the serious problems surrounding further manufacture and evasion of the tax on imports.

As additional interim relief, we believe it practical to consider removal of (or placing a moritorium on) the excise tax on parts. This is the tax that causes the greatest administrative burden and offers the most opportunity for non-compliance. Since equipment replacement over the past two years has been at minimum levels, removal of the tax on parts would at least tend to accommodate the maintenance of existing equipment in reasonably safe and efficient operating condition.

In further connection with the tax on parts, we feel the possibility mentioned in the Study of taxing only parts intended for use on certain classes of vehicles should definitely be avoided. We foresee problems and complications that would make a selective tax totally impractical of application.

Testimony Of

Horace J. Gunn
Executive Manager

Utah Chapter of the Associated General Contractors

Before the
Subcommittee on Transportation
of the
U. S. Senate Committee on Environment and Public Works

September 2, 1982

Salt Lake City, Utah

On the Issue of

Highway Needs

Mr. Chairman and members of the Subcommittee.

For a long time the highway system of our country has been a joint effort. It has involved funds from the federal government with matching funds from the state. Now we are seeing one of these partners faltering in building the network of highways in our country. This being the federal government.

The state officials of Utah including the governor and the legislature have fully supported the highway needs of the state. In 1969 they increased the fuel tax from six to seven cents per gallon and made this money available to cities and counties. In 1978 the fuel tax was increased another two cents per gallon. In 1981 another increase of two cents was added. Then this year special fees, licenses and registrations were increased which were equivalent of another 1.5 cents per gallon. This means that since 1969 the state of Utah has essentially increased its tax by 6.5 cents per gallon.

On the other hand, Congress has not done anything to change the basic four cents per gallon federal highway user fee since 1959. Now under inflation it is actually less than one cent.

The Utah Department of Transportation is well managed and has made efficient use of its revenue. They have been able to match all available federal funds. They have also been able to get additional discretionary funds from Washington.

It is a sobering fact that our highways are wearing out faster than we are repairing or replacing them. Extensive hearings before Congress have established this fact. We are only spending half of what we need to keep our highways serviceable.

The needs of Utah will be presented to you by the testimony of the Utah Department of Transportation.

The help for our highway program must come from the federal government. As to the recommendation of the Utah Chapter of the Associated General Contractors, for revenue we would look to a statement of our national association to your committee. This is in the testimony of H. C. Heldenfels, National President of AGC, in his statement to you on August 10, 1982.

The construction industry is one of the biggest industries in the nation. The economy of the United States and the well being of the construction industry are closely related. The construction industry is suffering now from the recessionary climate and high interest rates. This is compounded by the declining support by the federal government in its highway system.

The reductions in federal-aid highway investments have resulted in a highway construction market place of many contractors being forced to go out of business. Nationwide more contractors failed in the first six months of 1981 than in the four total previous years.

The highway construction business is a very competitive one. According to the Federal Highway Administration, in 1981 low bids by highway contractors averaged 14.3% below the engineer's estimate on federal aid highway projects. In 1978 the average was only 1.5% below the engineer's estimate.

In 1981 the national average of bidders per federal aid project was 6 per job; in 1979 this was 3.8 per job.

Highway contractors margins even in good times have only averaged 2%. At the present many contractors are being forced to bid below cost in an attempt to keep their employees working and make equipment payments.

Unemployment in this country is over 9%, but in the construction industry nationwide it is more than twice that level. Adequate investment in our highways will spur business and create jobs. It will help to increase employment and aid our economy in a faster recovery.

* * * * * *

ARTBA
American Road & Transportation Builders Association

Statement

of the

American Road & Transportation Builders Association

before the

Subcommittee on Transportation

Committee on Environment and Public Works

United States Senate

97th Congress, Second Session

Re: Funding Needs of the Federal-Aid Highway Program

Presented by: John E. Eisenhour, Jr.
Past President
ARTBA Contractors Division

Salt Lake City, Utah
September 2, 1982

Mr. Chairman:

My name is John E. Eisenhour, Jr., and I am the President of the Eisenhour Construction Co., Inc., with headquarters in Aurora, Colorado. Today I am pleased to be here as the official representative of the American Road & Transportation Builders Association. Currently, I am a member of the ARTBA Board of Directors and also a Past President of the ARTBA Contractors Division.

ARTBA's Chairman, James A. Caywood, testified before this Subcommittee on April 21, 1982, regarding long-range highway legislation. At that time, he expressed our concern about the critical shortfall in highway funding. He very ably articulated ARTBA's views with respect to the appropriate levels of authorizations for an adequate highway program. We appreciate this opportunity to focus more specifically on the four issues which are the subject of this hearing. Let me address each of these issues.

1. The condition of the Federal-aid highway system and factors affecting the serivce life of the system.

The simple fact of the matter is that thousands of route-miles of the Federal-aid highway system have already reached the end of the service life for which they were designed. There are surely thousands of miles of highways in need of extensive reconstruction and rehabilitation.

The situation is best described in detail in the 1981 report of the Federal Highway Administration titled "The Status of the Nation's Highways: Condition and Performance." This report is based on 1978 data, and is the third in a series of reports. By comparing the first report, based on 1970 data, with the third report, it can be very clearly seen that the system as a whole did not perform as well in 1978 as it did in 1970.

A "serviceability rating" was assigned to pavements on a scale from 0 to 5. Pavements in the 3.5 to 5 range are considered "good." Those from 2 to 3.5 on the scale are termed "fair". Pavements with ratings less than 2 are considered to be in "poor" condition. Any rating below 2, or below 2.5 for high-use, high-speed facilities such as the Interstate System, indicates an urgent need for major capital improvement.

The 1978 report indicated that 63 percent of the rural Interstate pavement is in the "good" range. More than 27 percent was rated "fair" and 10 percent was rated as "poor". This is a striking change from the 1975 report, which showed 74 percent as "good", 22 percent as "fair" and only 4 percent as "poor".

In interpreting these figures, three factors must be borne in mind:

1. The rural Interstate System is in better condition than other parts of the Federal-aid highway system, being newer and built to higher standards. Only 26 percent of rural collector roads and 37 percent of urban collector roads had "good" pavement ratings.

2. Pavement deterioration accelerates toward the end of the service life. It generally takes 10 to 15 years for newly laid, "high" design pavement on the Interstate System to deteriorate to "fair" condition. However, the deterioration from "fair" to "poor" will occur much more rapidly unless remedial action is taken quickly. Between 1975 and 1978, the mileage of "good" pavement on the Interstate System decreased 11 percent, but the mileage of "poor" pavement more than doubled.

3. Most segments of the Interstate System were built with a design life of 20 years. Each year, approximately 2,000 miles of Interstate System reach the end of that useful design life.

Highway deterioration is caused by such factors as high traffic volumes, the types and classification of vehicles using the highways, and also weathering. Deferred maintenance is also an important factor. Prompt and effective attention to early signs of pavement distress is very important in extending the useful service life of a highway.

2. The needs of the Federal-aid highway system versus the existing revenues coming into the Highway Trust Fund.

In the testimony ARTBA presented to this Subcommittee on April 21, 1982, we set out a tentative recommendation for Federal-aid highway authorizations for Fiscal Year 1983, as follows:

	Billion
Interstate construction	$ 6.0
Interstate "4R"	1.2
(increasing to $3.0 billion within four years)	
Interstate transfer program	1.5
Bridge replacement & rehabilitation	1.5
Primary	2.2
Secondary	0.6
Urban	0.8
Safety construction	0.6
Total Federal-aid Program	$14.4 Billion

In developing this program, we attempted to be very conservative and to avoid overstating program requirements. In so doing, we have probably set the total program needs much too low.

In June, 1982, the Congressional Budget Office reported on a study of Interstate System funding needs, prepared at the request of the Senate Environment and Public Works Committee. The Congressional Budget Office study indicates ten-year Interstate construction and 4R needs amounting to $80 billion in 1979 dollars.

Ignoring any future inflation, the 90 percent Federal share would be $72 billion or $7.2 billion per year. This is precisely the level recommended by ARTBA for Fiscal Year 1983. Other independent studies and reports confirm the ARTBA estimates. There is no doubt whatsoever that a Federal-aid program level of at least $14.4 billion annually is needed in order to preserve the serviceability of the Federal-aid system.

Highway Trust Fund receipts in Fiscal Year 1981 amounted to $7.3 billion. This is only about one-half of the amount needed to fund an adequate highway program. However, the Highway Trust Fund currently has a "check book" cash balance of over $10 billion. This amount can be drawn down in order to help finance the program, while increased highway-user fees are put into place.

3. The allocation of highway costs among the various classes of highway users.

ARTBA has not yet taken a positive position on highway cost allocation, other than supporting the 1978 action of Congress in calling for a comprehensive study by the U.S. Department of Transportation. We fully believe that the DOT Highway Cost Allocation Study was a very objective one and ARTBA generally supports its findings.

One of the difficulties with this type of study is that it is necessary to make certain broad assumptions as to the components of the future Federal-aid highway program. Changes in the program components would affect the cost responsibilities of the various classes of users. The degree of cost responsibility assigned to the heaviest truck-trailer combinations obviously depends, to some extent, on the permissible size and weight limitations of such vehicles.

The Highway Cost Allocation Study makes the interesting point that some of the charges borne by truckers, such as the excise on new trucks and trailers, are responsive to inflation. These charges increase in proportion to the increased cost of the equipment. On the other hand, the flat cents-per-gallon user charge for motor fuel is not fully responsive to inflation. The automobile owner, whose principal contribution to the Highway Trust Fund is paid through the cents-per-gallon motor fuel charge, actually pays less each year, in terms of real dollars.

Not withstanding this inequity, ARTBA strongly recommends a five cent (5¢) increase in the highway fee for motor fuel usage. The present 4¢-per-gallon charge should be retained, and supplemented by the additional fee of 5 cents of the wholesale price of the fuel. In the this way, future highway funding would receive approximately $5 billion additional sorely needed revenue.

4. Proposals to change the structure of highway-user fees.

We believe that the motor-fuel user charge should continue to be the major source of Highway Trust Fund revenues. It has several advantages. It is relatively easy to administer, it is a convenient measure of highway usage, and it also has some beneficial effect in promoting energy conservation.

From the standpoint of equity, every highway user should pay the motor-fuel user charge. If Congress wishes to subsidize certain classes of users, such as governmental entities, bus operators and users of gasohol, it should make such payments from the general fund of the Treasury, not from the Highway Trust Fund.

The five cent (5¢) increase in motor-fuel user charge would not, in itself, provide for a "fair share" collection of revenue from the trucking industry. Even the American Trucking Associations' recent proposal to this Subcommittee recognizes this fact. Some additional charges must be provided in order to reflect the costs resulting from the operation of heavy trucks on the highways. These additional fees should be made available in addition to the DOT Secretary Drew Lewis and Congressional proposals to increase the highway user fees by a (5¢) "nickel".

The nature of these special charges may best be determined through consultation with a representative sample of truck operators. The major special charges now being collected are the excise on new equipment and the heavy truck user fees. They do not vary with the distance traveled and thereby discriminate against the heavy vehicles which travel relatively short distances.

At the federal level, ARTBA urges that:

1 - The Highway Trust Fund, which expires on September 30, 1984, should be extended on a permanent basis.

2 - There should be an equivalent of at least an immediate doubling of the current federal highway user fees.

3 - The "check book" cash balance in the Highway Trust Fund should be expeditiously reduced to no more than $2 Billion.

4 - The imposition of arbitrary obligation and artificial ceilings, which force the Federal-aid highway program to operate below authorized levels should be discontinued immediately.

5 - The Federal-aid highway program be immediately increased to a minimum of $14 Billion per year.

6 - The Federal-aid highway program should be removed from the unified budget process.

In conclusion, Mr. Chairman, the provision of substantial additional revenues and authorizations for the Federal-aid highway program is no longer a question of "if" but "when". We are paying a heavy price in terms of wasted fuel, wasted time and higher repair costs to operate vehicles on worn-out highways. We are also paying additional costs due to the unnecessarily high frequency of highway accidents.

These costs are paid not only by the highway user but by every farmer, every consumer and every industry dependent on highway transportation. This obviously means all of us. We appreciate this opportunity to present the view of the American Road & Transportation Builders Association, and I will be happy to answer questions you may have at this time.

1896

STATE OF UTAH
OFFICE OF THE GOVERNOR
SALT LAKE CITY
84114

SCOTT M. MATHESON
GOVERNOR

September 2, 1982

Senator Steve Symms
Chairman
Subcommittee on Transportation
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Senator Symms:

I regret that I was not able to participate in the hearing of the Transportation Subcommittee in Salt Lake City on September 2nd. I am enclosing testimony submitted on behalf of the National Governors' Association. Please include this statement in the hearing record.

I hope your stay in Salt Lake City was pleasant and the hearing was productive and useful.

Sincerely,

Governor

SMM:jb
Enclosure

Testimony of Governor Scott Matheson
On Behalf of the National Governors Association
Senate Transportation Subcommittee
September 2, 1982

Mr. Chairman, I welcome you to Utah. You are certainly to be commended for initiating these field hearings to gather first-hand evidence of the vast highway development needs of the western part of this country.

As the recently-elected Chairman of the National Governors' Association, I appreciate having the opportunity to greet you and join in your assessment of highway needs and possible remedies in the context of existing revenues.

Those who have devoted considerable study to the issue might well judge this particular focus of your hearings to be a contradiction in terms. I agree, but caution you not to misread a recognition of factual circumstances as an endorsement of the merits for a unilateral federal highway tax increase. The nation's governors have yet to speak on the issue. We have raised a number of cogent points -- conditions, if you will -- we want resolved before signing on to anyone's proposal to raise federal highway revenues.

- A "sorting out" of proper responsibility and accountability for national interest and for primarily state and local interest transportation programs must take place.
- Current federal revenues attributable to the programs targeted for turnback must be returned with the program responsibility.

- Perhaps most important, State and federal leaders must work together to design a long-term investment strategy for America's highway transportation infrastructure to assure each is able to meet its obligations to improve and to maintain this vital national asset.

The nation's governors are committed to resolving these issues with you as decisions are reached on future highway needs and spending. Political and administrative accountability, capacity to sustain adequate service levels on highway systems, and long-term funding stability at the federal and state levels are all-important concerns.

Ironically, even as we work toward long-range program reforms, we are compelled to divert attention to deal with current funding issues. Two months into the state fiscal year, governors and highway program administrators still await action by the Congress on FY 1983 funding for highways and highway safety. As you well know, failure to enact a reauthorization bill will mean that only $800 million in Interstate resurfacing money will be available at the start of the federal fiscal year, October 1. Providing less than 10 percent of the year's funding would constitute an inexcusable lapse in congressional responsibility during these troubled economic times.

The design of the federal highway program was intended to guard against this kind of budget instability by establishing the Highway Trust Fund and the concept of contract authority. Contract authority authorized in a multi-year highway bill serves in effect, as an advance indication of budget authority available so states can plan ahead.

Current budget gimmickry with annual and even quarterly obligation controls on previously apportioned contract authority both defies the original intent and discounts the value of contract authority. We feel strongly that the federal government must live up to its part of the bargain by standing behind the contract authority it authorizes.

Certainly, other programs better symbolize the metaphor of the federal government as a "bad and unreliable partner." Indeed, over the years of evolution, the federal-state partnership in constructing and improving highways has been a good one. But times have changed. The program structure and financing mechanism -- as well as the assumptions about allocation of responsibilities that underlie them -- were designed under different circumstances and expectations than those we face today.

The enormous problems in highway transportation can be reduced to simple terms. Despite billions of dollars invested by all levels of government over the last 20 years, we are faced with gaps in our national highway system, and with unsafe and deteriorating roads and bridges that not only threaten lives but that will undermine our ability to revitalize the economy. Both our highway system and the government structures to support it are in need of an overhaul.

Decentralization of programs to finance and manage highway improvements makes sense. The so-called federal-aid highway program is more precisely a federally-assisted state program. In no other transportation program is the traditional state responsibility so clear-cut as in highways.

U.S. Transportation Secretary Drew Lewis has said that federalism works well in transportation and best in highways. We agree. Regardless of the source of financing, the states will continue to exercise the major responsibility and interest in planning, programming, managing and financing the highway system.

In capsule form, I want to reiterate our recommendations for dividing highway program responsibilities.

- Programs for upgrading urban streets and rural secondary roads -- as well as bridges off the Interstate and primary systems -- should be turned back to the states, along with 2¢ of the federal motor fuel tax (or roughly-of current federal highway revenues).
- Completion of the Interstate system and the Interstate-related programs, primary highway improvements, and bridge rehabilitation on those major highway systems ought to remain federal financial responsibilities. These are components of a truly national system of interstate commerce and serve national defense.
- The federal effort to provide emergency relief to an area hard-hit by natural disaster and road improvements on federal lands also represent significant national interest.
- While safety is and should be integral to every highway project, strong arguments call for maintaining a viable national program for safety construction and highway traffic safety.

NGA's highway federalism proposal was devised during Governor Harry Hughes term as chairman of NGA's Transportation, Commerce and

Technology Committee. New committee chairman Governor Bob Orr has given the committee initiative high priority, as well, and has named Governor Hughes as lead-governor for pursuing a detailed turnback strategy.

Key questions remain to be fully resolved. Design of a fair and equitable transition mechanism for return of the programs is one. An extension of the transition period might be warranted in cases where some states remain unable to sustain adequate service levels on its basic systems; such a mechanism could be patterned on the existing "minimum apportionment" program currently in place. Another is the cooperative relationship achieved within each state to plan, allocate spending, and administer the turnback programs. Clearly, progress in these areas is the next step in developing a final highway sorting out package.

Governors remain concerned that sorting out in highways will depend less on a rational decision process and an equitable sharing of revenues than it will on budgetary considerations. Our proposal advocates a "share the pain" approach compatible with our own "no winners-no losers" precept -- that neither the federal nor state level ought to gain financial advantage in the deal.

We want to continue to work with the administration on developing its federalism proposal. In this, like so many other areas, however, we will steadfastly oppose OMB efforts to co-opt highway federalism in the budget process. Shifting programs with no resources is unacceptable. Ultimately we will count on the Congress to keep this process honest. After all, it is not "governments" as such that stand to lose. It is the American citizen who expects government to perform essential public services as efficiently as it can.

The debate over balancing the federal system by sorting out roles and responsibilities among the various levels of government has a counterpart in the assessment of public versus private sector responsibilities. So far, the administration's economic recovery program has concentrated on private sector investment to lead our economy out of recession. What that does not take into account is that there are some things that government -- and only government -- can do. And building highways is a prime illustration.

That is not to say that public-private partnership does not exist; the contrary is true. The highway system is financed on a pay-as-you-go basis by users of the facilities. And these users are not being well-served by the deferred maintenance and deferred investment that results from the declining investment in public highways.

Highways are essential to our economic well being. The administrator of the former Bureau of Public Roads during the 1920's perhaps said it best:

"We were not a wealthy nation when we began improving our highways, but the roads themselves helped us create a new wealth, in business, industry and land values. So it was not our wealth that made our highways possible. Rather, it was our highways that made our wealth possible."

We must work together to design a long-term national investment strategy for America's highway transportation infrastructure to replace the inefficient system of intergovernmental stewardship that currently characterizes public facilities investment. This should be a national investment strategy, not a federal government investment policy that seeks to target and control all investments. It should involve a sorting out of responsibilities that promotes an increased level of effort by the accountable level of government for each function.

State and local governments under the strategy would be responsible for financing and managing programs for maintenance and rehabilitation of purely local highway transport facilities. Governors and other elected officials would be accountable for raising enough revenue to sustain adequate service levels on their local systems and statewide programs.

The federal government, likewise, would be responsible for raising needed revenues to complete the Interstate system by the current deadline of 1990, for maintaining an adequate level of investment in primary highways, bridge rehabilitation, as well as providing for an adequate safety program.

Governors stand ready to meet this challenge and hope that our sorting out proposal is included within the President's federalism package. It certainly will be part of our own federalism strategy. Indeed, we hope that other fundamental concerns we have raised with the President are resolved satisfactorily. If so, you will see us join the administration arm-in-arm in carrying its plan to the Hill.

If not, then the federalism reform proposal we are intent on designing will reach your desk without the President's endorsement. The stakes are too high, the consequences too great, for us to give in and give up on our ultimate mission.

The federal system must ensure the capacity of government at every level to meet an aggregate responsibility for assuring a standard of equity for every citizen of this nation. We are convinced this can be done and that it will be done by placing authority for program design and management accountability where true responsiblity lies.

FEDERAL HIGHWAY PROGRAM NEEDS: REVENUES AND COST ALLOCATIONS

FRIDAY, SEPTEMBER 3, 1982

U.S. Senate,
Committee on Environment and Public Works,
Subcommittee on Transportation,
Lewiston, Idaho.

The subcommittee met at 10 a.m. at the Lewis-Clark State College, Lewiston, Idaho, Hon. Steve Symms (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. STEVE SYMMS, U.S. SENATOR FROM THE STATE OF IDAHO

Senator Symms. I want to welcome all the witnesses testifying before our subcommittee this morning—the Subcommittee on Transportation of the full Committee on Environment and Public Works. Our subcommittee has held two field hearings. One in Salt Lake City, Utah, yesterday. And we're having one here in Lewiston today to focus on the Federal highway needs and how they can be addressed in view of existing revenues.

Issues of specific interest to this part of the country include the condition of the highway system and factors affecting deterioration of the system; allocation of highway costs among the various users of the highway; the ability of States with small populations, large areas, and large Federal land holdings to raise additional revenues; the use of Highway Trust Fund revenues for transit assistance, the impact of certain user fees on farm vehicles, and State participation in the collection of certain Federal user fees.

Now, those of us who live in the intermountain region of Idaho and the surrounding States know how important the Nation's road system is for commerce and mobility. There are very few alternative forms of transportation available to us who live in the smaller towns and rural areas of the West.

Recently a section of a bridge on Highway 52 near Payette failed and had to be closed. The failure of one bridge threatens the safety and economic security of many people in the community. And this is being repeated every day across the country because of the condition of our roads and bridges.

Last month the subcommittee held two hearings in Washington on the highway revenue and cost allocation issues with representatives from contracting, trucking, rail, auto, environmental, and manufacturing groups, the Congressional Budget Office, the Federal Departments of Transportation and the Treasury, State departments of transportation, and other highway experts.

The testimony received will assist the committee in making recommendations to the Finance Committee on highway revenues and the continuation of the Highway Trust Fund. These legislative initiatives will have an important effect on how well the Federal-aid highway program will address the needs of our transportation system in the future.

Our witnesses today have been asked to address the following issues: The condition of the Federal-aid highway system and factors affecting the service life of the system; the needs of the Federal-aid highway system versus the existing revenues coming into the Highway Trust Fund; the allocation of highway costs among the various highway user classes; and the proposals to change the structure of existing highway user fees.

The subcommittee is very concerned about the condition of our highway system as well as the need to complete the Interstate Highway System. According to a report—"The Interstate Highway System: Issues and Options"—recently completed by the Congressional Budget Office, mounting repair needs, escalating completion costs and declining financial resources are all contributing toward making completion of the Interstate System an unattainable goal.

The report states that "the completion of all the construction, reconstruction, and repair projects that qualify for Federal support under current programs would require an increase in annual authorizations of $8 billion." This is more than double the current program level. This is more than double the—this report goes on to say that to support such an increase we would have to nearly triple the 4 cents a gallon gas tax.

Several months ago George Will wrote an article on "What Potholes Say About Us" in which he indicated that the system maintenance as well as original construction is a measure of a society's vitality. It's a measure of a society's maturity, of the willingness to make timely provisions for the future. By this measure, there is no question according to George Will that America is becoming increasingly deficient.

While last winter's potholes may have been temporarily filled, the deterioration of our Nation's highway system continues. Newsweek magazine recently did a feature story on the "Decaying of America" which recounts the problems of our highway system and notes the cost to Americans of our decaying physical plant. The article states that in Houston, Tex., for example. city planners estimate that motorists pay a traffic congestion tax of $800 a year in time and gasoline wasted on the city's snarled expressways.

TRIP, the road information program, estimates that bad roads cost the private sector up to $30 billion annually for everything—for everything from broken axles to lost business.

Last year the Government Accounting Office (GAO) completed a report on "Deteriorating Highways and Lagging Revenues." The report again cited the deterioration of our Nation's highways, particularly the Interstate System, and the need for billions of dollars to solve the problem. The report goes on to say that if the problem is not addressed in a timely manner it will cost even more.

This theme is one of increasing concern to the subcommittee. We have heard from a number of witnesses in the Washington hearings—a number of witnesses in the Washington hearings testify on pavement and bridge wear, and we hope in these field hearings—and we had some very good testimony yesterday in Salt Lake—to continue to learn about the causes of highway deterioration and some of the implications of deferred maintenance. So I hope many of you will be able to address that question this morning of what will be the cost to Oregon, to Washington, to Idaho if we defer our problems thinking that we can pay for them later with respect to the highways and how those things impact our respective States.

Another objective of the hearing is to receive testimony on the Federal Highway Administration's May 1982, "Final Report on the Federal Highway Cost Allocation Study." This report was mandated by the Surface Transportation Assistance Act of 1978 for the purpose of reviewing the allocation of Federal highway program costs among the various highway user classes. The Secretary of the Treasury was directed to prepare a companion report on the administration and enforce the highway trust fund taxes. We understand that the Treasury report will be completed next month.

The findings of the highway cost allocation study indicate that certain highway user classes are paying more than their cost responsibility and others are paying less. Specifically, the study shows that there is a need to increase user taxes for the heaviest trucks. The subcommittee staff has developed three alternative proposals for discussion purposes only. And I want to emphasize that none of these alternatives have been endorsed by the committee or any member of the committee.

I have supported an increase in the Federal highway gas tax as one way of providing urgently needed revenues through highway user fees, to support the expeditious completion of the Interstate System, and to rebuild existing Federal-aid highways and bridges.

The condition of our highways is a major concern throughout the country. Highway needs, revenues, and cost allocation pose some extremely difficult questions, and I recognize that there are many different viewpoints. These hearings provide a useful discussion of the issues, and I look forward to hearing from all of today's witnesses.

I might just say that as we get into the program today I—and it certainly is no bias of Utah versus Idaho from my point of view. But we do have some problems here with some airplanes for the members of the staff and myself to catch earlier this afternoon. So it will be the intention to run the meeting straight on through and have all the witnesses testify. Probably we might take a break somewhere around eleven-thirty or quarter to twelve or something like that for about 10 minutes and then continue right on through until we complete the hearing process. So we—we want to hear from everybody. We want to hear what you have to say. We hope you'll be able to make your points in a timely fashion. We will have our little timer up here. And I will try to—not to make any of you feel uncomfortable that we're trying to rush you or anything. But all statements in their complete form will be printed in our record and will be taken back to the full

Committee. And sometimes if you're one of those that can condense your statement, that's acceptable to me certainly. But some of us—I know I find when I go to testify to a committee I usually do bettter if I give my testimony than when I start condensing it. Sometimes it gets longer. So I'll leave that up to each individual.

But the purpose of having these hearings in the West is to get the input from those of you here in the West. And I know it's certainly my intention as Chairman to try to at least have a good understanding for myself of what the problems are in the western States with respect to the Federal highway program. Now, we have to face the political realities that we have to—in order to have a highway program. And it's not a partisan problem because the Democrats and the Republicans find out that they all drive on the same highways. So we've never had the problem partisanship. Where we have our problems are differing points of view from the different parochial problems that people have, whether it's an urban area, whether it's a State that takes more money out of the trust fund and puts in versus a State that takes less money out of the trust fund than it puts in and in the political pressures that people feel back home if their State doesn't get a fair share out of the Highway Trust Fund. And I think all of us have to recognize that those of us in the West—when we start talking about what our needs are that some of our older States are saying, "Yes, but you folks have been getting all that money out building your new roads out there. And our roads are worn out. And we've got to start getting more money back out." And those are the things we have to work out on the Committee.

But I can assure you that it is not a political partisan. It's a political problem. But it's certainly not usually a partisan problem in terms of trying to resolve the problems of the road system. That's one of the factors about the job that I've enjoyed so much because there is so much partisanship in these days. But it's certainly nice to be able to be working in an area where we're all trying to go down the same road. And we hope that our end result will be better roads for Americans. And I believe that that would mean a better, stronger country personally because we just can't continue to have the strong commercial growth in America without the transportaiton system to support it.

So we're glad to welcome our first witness this morning, the Honorable Gene Mueller, Mayor of the city of Lewiston, representing not only Lewiston but the Association of Idaho Cities. Mr. Mayor, would you like to come up?

STATEMENT OF HON. GENE MUELLER, MAYOR, CITY OF LEWISTON

Mr. **Mueller.** All right. Mr. Senator, I appreciate the opportunity and the fact that you've come to Lewiston, Idaho. Idaho is a fine city to hold this hearing.

Mr. Chairman, I am testifying today on behalf of the 198 incorporated cities of Idaho.

The urban roads system in Idaho contains 3,220 miles of streets. This is about the equivalent of the total mileage included in the Federal Aid Primary System in Idaho.

The past few years have taken their toll on Idaho's urban roads. Increased usage and decreased funding for maintenance have combined to severely weaken the condition of our streets. Over 50 percent of our streets can be classified as being in less than very good condition, with about 25 percent being in fair to poor condition.

At this time I will point out that the city of Lewiston has identified $8.5 million worth of roadway construction and repair that must be accomplished over the next 5 years in order to adequately maintain our arterial collector street system, all of which are available for FAS funding. Over the same 5-year period the city is expected to receive appropriations of $1.1 million from the Federal aid urban program. The city presently has no source of revenue to make up for the difference of $7.4 million. The only alternative we have is to go to the voters for an override on property tax levies.

As you have heard, override levies was attempted in Ada County and Pocatello in which both cases the voters overwhelmingly defeated ballot questions which would have increased local property taxes to pay for needed street work. In both instances, the elections were held well after it was apparent that the winter weather had heavily damaged local roads.

There has, however, been broad acceptance for increasing highway user charges to pay for such work. The assumption being, of course, that those who make the most use of the public road system should be those who pay the greatest share of the cost burden.

Although all governmental entities that operate road systems have been impacted by the economy, the impact upon cities has probably been more severe than on either the State or other local units of government.

Unlike other most units of government, cities are heavily dependent upon the money market to finance needed street projects. Most larger construction and maintenance projects in cities are financed either through general obligation bonds or local improvement districts.

As interest rates for municipal bonds have increased from a level of 5 or 6 percent to 12 or 13 percent, cities have found their limited funding for street work to be further eroded. More and more of the total cost of a project going to meet interest costs, the amount of funding left for actual construction has additionally decreased.

As you can see, our city street systems have been especially hard hit by the economy, tax limitations and the weather.

Idaho, as you know, is largely a rural State. Because of that, we feel very strongly that the limited amount of Federal urban aid money that is available on the national level should be spread across to as many cities as possible, rather than being allocated to a relatively few large cities. I suppose that speaks to your parochial problem.

If Federal-aid funds are set aside for mass transit purposes, they should be made available for not only capital expenditures, but for operating expenditures as well.

If there was a position to take in the three alternatives pointed out earlier, the Association of Idaho Cities supports alternative No. 3.

I would also like to take this opportunity to point out the need for adequate U.S. highway system that serves the Lewiston-Clarkston area. The three riverports in the valley in order to increase the amount of trade particularly to encourage up-river traffic need to be assured that U.S. 95 and U.S. 12 are capable of carrying necessary commercial truck traffic for the valley to adequately serve and compete for Midwestern markets.

I can assure you, Mr. Senator, there exists considerable interest in the international trading community regarding the potential of upriver traffic to Clarkston and Lewiston. Upriver traffic that is dependent upon, however, an adequate highways system, that is, U.S. 12 and U.S. 95.

I've left the entire AIC testimony in written form with you.

Senator **Symms**. Your entire statement will be part of the record. And I appreciate that. In other words, you say you favor alternative 3.

Mr. **Mueller**. AIS has taken the position that it favors alternative No. 3, right.

Senator **Symms**. We found yesterday that one of the problems that people talk about is the maintenance situation. Right here at Lewiston where you're more familiar with the Lewiston-Clarkston area, how much has not having adequate maintenance contributed to the deterioration of the road here? Did you say over half the roads in Idaho's cities are considered poor?

Mr. **Mueller**. Right. I can just talk about Lewiston specifically. The problem we have in Lewiston is, given the revenue, we have difficulty simply maintaining our arterial and collector streets. Even more blunt, we cannot maintain them at the level we'd like to maintain them. That's why we've identified a major capital improvement program of $8.5 million to at least bring our arterial and collector streets up to standard, which is a shortfall, as I pointed out, of $7.4 million. The reason we would like to do that is so that we can then maintain our street system in Lewiston. There's only at that point that we feel we can maintain them.

Senator **Symms**. It seems that the people in local governments are trying to shirk the responsibility of raising the revenue for paying for the roads. But the fact is if you try to raise the gas tax, say, just in Lewiston, that wouldn't work very well. The same, I would assume, with Clarkston.

Mr. **Mueller**. No; not only that, but the——

Senator **Symms**. They tried that in Washington, D.C., and everybody bought their gas in Virginia and Maryland.

Mr. **Mueller**. Well, we can't even do that. The only alternative cities have in the State of Idaho is for an override levy on property taxes. We have no other source of revenue.

Senator **Symms**. But what you're telling me is that people are not in the mood to vote for those kinds of things that aren't directly for use.

Mr. **Mueller**. Well, in Ada County and Pocatello they were not.

Senator **Symms**. In Lewiston——

Mr. **Mueller**. We haven't tested the voting market yet. That's the alternative that we have just as they had in Ada County and Pocatello. We may have to indeed try for the same thing, an override levy, to have a capital improvement program because the streets are deteriorating to the point where a chips seal program is not going to bring them up to standards.

Senator Symms. In other words, the lack of maintenance will cause them to deteriorate so badly that it will take complete reconstruction? Is that what you're saying?

Mr. Mueller. Right. I travel 95 frequently, and I'm sure the State has the same problem.

Senator Symms. So you are suggesting then that we come up with an elimination of the $1 billion for transit. Is there any way that could be done like block grants or something where you block grant it to the State highway departments and then they could determine whether they want to use it for urban roads or some kind of transit so we get this political thing removed from the question? We have some people in Congress that are absolutely emphatic about getting some of the people off the highways and in the transit. And as you know, Secretary Lewis has said he didn't want any of this money going for operating subsidies only for capital improvements. Well, you come back out to Lewiston and Pocatello and Twin Falls and Boise, to name a few towns that I've run into, and everybody says, "We've already gotten new buses. But we can't get anybody to ride on them because the ticket price is too high. So we'd rather have an operating subsidy if we're going to help with the traffic problem." Is that what you're telling me?

Mr. Mueller. Right. I realize it's a catch 22 situation. And just having been in the bay area and using their mass transit system, I think it's important that operating subsidy be part of it.

Senator Symms. When I first went into Congress, Jerry Ford was then the Republican leader of the House. He was a great champion of not allowing the trust fund to be broken up. He had all the interest groups like the American Farm Bureau and rural groups like this supporting his position and fighting against breaking up the trust fund. He made all these great points about subsidizing the ticket holders on the New York Subway where they're paying 50 cents and they should be paying a dollar or something in transit funds. Now we come to find out the rural States seem to be as concerned about that question as any other. I've seen it myself in the traffic changes in Washington, D.C., when you can get people on the buses, you do cut down the competition on the highways. There's no question about that. At some point there's probably benefit to all of us to get some of those people in a position where they can afford to ride on a bus or train just to get the congestion down in the urban areas. But you're suggesting elimination of the billion dollars totally for transit?

Mr. Mueller. I'm just giving the AIC position. If alternative 3 does that, why——

Senator Symms. That's what it does.

Mr. Mueller [continuing]. That's their position.

Senator Symms. And gas and diesel fuel tax differential.

Mr. Mueller. Yes.

Senator Symms. What's the logic behind that?

Mr. Mueller. Their logic behind that is that more and more vehicles are turning to diesel engines, including the passenger cars. Their position was that that trend may continue that if not just the truck traffic but also passenger car traffic with diesel engines.

Senator Symms. Meaning that they use less of it?

Mr. MUELLER. Right. You get more diesel engines on the road, particularly in the automobile sector for the reason that they make better gas mileage obviously. Their proportionate share that they're paying in for the gas tax is decreased as opposed to someone who is not using diesel.

Senator SYMMS. I might just say, the other day I drove from Caldwell to Sun Valley in a four-door sedan. It was a car I had rented—an American-built car, full-size, and got 29.4 miles to the gallon in gasoline. I'm sure that car had just the same amount of wear and tear on the road as the one I was driving 4 years ago that got 12 miles to the gallon. And it's gasoline. In terms of gasoline, it actually cost less than it would have cost 2 years ago to drive because the price of fuel I was buying was cheaper in addition. And so I just don't think that the public, from what I can see with those kinds of gas mileage, would be hurt that much. So I didn't really pay my share to fix the road. But Darrell has got the same job whether you're driving a car that gets 30 miles to the gallon or one that gets 12.

Mr. MUELLER. You realize you've asked me to justify the AIC position on the diesel gas.

Senator SYMMS. OK. I understand.

Mr. MUELLER. All right.

Senator SYMMS. Thank you very much. We appreciate your testimony.

Our next witness will be a panel of the Departments of Transportation of Oregon, Idaho, and Washington State. So if we could hear from Darrell Manning, Duane Berentson, and Scott Coulter. If you all will come up to the table, and first testify, then we'll have some questions for all of you.

Senator SYMMS. I might just say before you start that I certainly appreciated the cooperation from all three of you that our staff on the committee have enjoyed in the last year and a half. It's been very helpful to us. And we appreciate your input.

STATEMENT OF DARRELL V. MANNING, DIRECTOR, IDAHO TRANSPORTATION DEPARTMENT

Mr. MANNING. Mr. Chairman, my name is Darrell Manning for the record. I'm the director of the Idaho Transportation Department. I'm speaking on behalf of the Idaho Transportation Board—and our chairman, Carl Moore, is here today—and Governor John Evans in behalf of the State of Idaho.

We share your concerns with the condition and needs of the highway system. Every day we wait in the United States, the U.S. taxpayers incur millions of dollars of new damage to the highways that are not being repaired. Before we solve all of these problems, we have an immediate problem that faces all of us. And that is the extension of the existing Surface Transportation Act so that we can continue the highway programs between now and the next year. And I don't think unless we get on with that we're going to have considerable problems.

In discussing each of the items that you sent in your invitation to testify—on item No. 1, condition of the Federal-aid Highway System and factors affecting service life, the declining revenues versus increased costs have caused a significant reduction and shift in the highway programs from major construction to maintenance and rehabilitation. The highway systems are getting older. More miles are deteriorating. And the more time elapses as we—between the improvement of the pavement sections.

The lifespan of a highway is designed for about 15 years before a major overlay is needed. In the State of Idaho, we rehabilitated in 1977, 542 lane miles. On that basis, we could overlay the entire system in 21 years. In 1980, we were only able to overlay 276 lane miles and at that rate would require 41 miles—41 years to rehabilitate the entire system.

Between that time and 1987, we project that we will be able to overlay only 238 lane miles for an interval of overlays of 47 years for a 15-year life. So I think you can see that we are in trouble with the maintenance. It costs us about $100,000 in overlay. If we allow it to deteriorate complete reconstruction—until reconstruction is necessary—it runs about $320,000 a mile. So over three times the cost in addition to the cost incurred by users as you stated in your opening remarks.

Now, no study has conclusively identified the percentage of pavement failure that attributes either to loads or environmental causes. However, many pavements and bridges were designed and constructed at a lower design standard than is now needed for present truck loadings. The combined effects of an environmentally weakened pavement and heavy loads can destroy a pavement surface in a matter of 2 or 3 days. These issues should be considered when assigning cost responsibility to loading or to environmental cause.

In statement No. 2, Idaho's interests in highway development and the economy in general can best be protected by implementing the following recommendations; Extend the minimum one-half and 1 percent provision in the absence of a strong—focused on interstate completion funding for routes of national importance. The early completion of the interstate has been hampered by allocation of interstate funds to gaps of local interests that do not link the Nation's cities. Of the total 624 miles that are of this category, most were allocated after the Interstate System was started but account for over $16.6 billion of the interstate completion costs. One-half of 1 percent was designated originally to offset that inequity. We also recommend the release of $6 billion of authorized but unobligated highway funds in 1983. We should reimburse the Federal fund—the trust fund from general revenues for revenues expended for gasohol subsidies. We should increase the Federal-aid highway program to at least $12 to $13 billion per year level. We should increase the user fees. We should reduce the cash balance in the Highway Trust Fund to an operating level of $2 to $3 billion to provide for cash flow and not be saving up the user taxes to balance other general fund budgets. We should extend the highway trust fund indefinitely and remove it from the unified budget program. And we should impose fees to account for all types of energy used to propel vehicles over the highways; and, finally, extend the existing bill until this complexed program that you're working on now can be worked out.

Now, the differences—in No. 3, the differences of allocation of highway costs among users cannot be immediately solved. We should start with something and then make adjustments later on.

The differing opinions regarding cost allocation issues means policy decisions will be needed. The two recommended options of the Federal Highway Administration, the recommended approach or the 15-step incremental approach, are good starting points. Future research will lead to refinements that will correct any inequities that may develop from the initial inception.

Of the alternatives given in Federal cost allocation study, the alternative No. 3 most nearly satisfies our concern, particularly if administered at the State level. The graduated axle tax—axle weight tax improves on the truck use tax, but may discriminate against seasonal operations such as agriculture and logging. We recommend that a nationally mandated, State-administered graduated rate structure based on axle weight per mile traveled.

Now, America's highways are the backbone of the Nation's transportation system. We can no longer ignore the serious problems affecting our highway system due to inadequate funding. We must act with haste to stop further deterioration of our system. I'll stand now for questions.

Senator SYMMS. Thank you very much for an excellent statement, Darrell. No prejudice against you, Scott, that we're going to save you until last. But after all, Idaho is playing Washington State next week. And we want all the help we can get. So we're going to let Duane testify next.

STATEMENT OF DUANE BERENTSON, SECRETARY, WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

Mr. BERENTSON. Thank you, Senator. For the record, I am Duane Berentson, secretary of the Washington State Department of Transportation. And we're very pleased that you are affording us in the West an opportunity to present our views on the critical issues of the Federal-aid highway program.

I'd like to just mention a few of our various concerns about Federal-aid highway needs and also the current proposals in funding the program. We support Secretary Drew Lewis' proposal to increase highway user charges equivalent to a 5-cent increase in the Federal excise tax on motor fuel, and the dedication of 1 cent of that increase to public transportation.

We feel that there's more than sufficient evidence that has been presented to illustrate the need for increased revenues for the highway trust fund. Washington State, for example, sees an average annual need of about $800 million in Federal highway funds over the next 10 years to fully meet our requirements. And at the current funding levels we expect to receive an average of only $250 to $300 million per year during that period. I might point out that we are one of those States that has some interstate gaps that are very costly. We have also in preparation perhaps a delay on the Federal level. We are doing some funding through short-term bonds on the State level trusting that necessary action will be taken on the Federal level.

Senator SYMMS. Have you had success in passing those?

Mr. **Berentson**. We were successful in getting the authority from the legislature. So it would be our determination now as to when we would want to use them. We have found it not necessary at this point.

Our current projections of State funding for our highway construction program are very tight in our State. But we fully expect that we would be able to convince the legislature to provide the State matching funds necessary to utilize the increased Federal revenues that would be generated by Secretary Lewis' proposal. And I would point out for us and our State we anticipate being short in the 1983–85 biennium of approximately $80 to $120 million, which would equate to about 2 to 4 cents a gallon graduated, depending on how quickly we get to that shortfall. And we right now have a 12-cent floor. We're at that floor. We have a variable State gas tax that can hit a ceiling of 16. So what a legislature did 2 years ago in anticipation of continuing price increases and perhaps increased consumption just hasn't worked for us. We're back to 12 cents. And we're going to need some additional revenue on the State level.

We do support Secretary Lewis' proposal. We would not object to modifications which provide the same general results for national transportation programs. We would, therefore, not be adverse to some modifications as long as the same general result was there.

We have heard, for example, discussions of providing some mechanism to allow States the option of using the dedicated 1-cent transit funds for highway purposes at the State's discretion. We certainly would not reject that out of hand.

Assistance by the States in the collection of nonfuel taxes associated with a highway user charge increase has also been discussed. As long as the States are reimbursed for their cost of collection, we would support this concept.

A related issue is that care should be taken to avoid proposing taxation of farm vehicles. And I'll leave that up to that statement.

I think there's a need for a very simple 1982 highway bill. I'm certain that everyone here is aware of the fact that unless Congress does enact a highway authorization by October 1 of this year, the only new funds that can be apportioned to the States for fiscal year 1983 is the $800 million of interstate for our authorization. And perhaps that's the most important thing facing us on the near term.

We recommend that Congress do then act on a simple 1-year bill this year that will continue highway programs at approximately fiscal year 1982 levels, without allowing the delay that would result from controversy over major changes in program structures and apportionment formulas. I might say at this point that we've been very happy with the Senate's direction. We have been very happy with the opportunities that we've had as a State to appear before Senator Symms' committee And we have every reason to believe we are headed in the right direction.

Turning to a comprehensive multiyear highway bill. When Congress considers a comprehensive multiyear bill next year, we think many issues will require attention. And without attempting to cover the full spectrum, I would like to express our position on just a few of the more relevant areas.

We believe that the completion of the remaining interstate segments is an essential priority to provide a viable national interconnected highway system. And, of course, to our particular State we have some very expensive segments left and are very concerned that that commitment is maintained.

Those States that have not been able to advance their interstate completion projects as rapidly as others—we are one of those—we feel should not suffer. And we do believe that equitable allocation of interstate completion funds, should include a one-half percent minimum apportionment for each State with interstate miles.

We support an interstate 4R apportionment formula based on the ratio of 60-percent lane miles and 40-percent vehicle miles. And this has been recently proposed in the Senate's approach.

We would support continuation of the current highway beautification program or the relinquishing of the program to States as suggested by Senator Stafford without the restrictive Federal regulations or punitive funding sanctions.

And in closing, I would like to thank you again for having the opportunity. And I hope that in the following discussion, we might be able to share our ideas. I think we've been fortunate in that, here in the West, we all seem to be pretty well in accord as to the direction we'd like to travel. Thank you.

Senator SYMMS. Thank you very much for another excellent statement. Now, Scott Coulter from the State of Oregon.

STATEMENT OF H. S. COULTER, STATE ENGINEER, OREGON DEPARTMENT OF TRANSPORTATION

Mr. COULTER. Thank you, Mr. Chairman. I am Scott Coulter, State highway engineer for the Oregon Department of Transportation. I appreciate the invitation we got to testify before your committee and the fact that the committee has come West to gather some input on the highway program needs, revenues, and the cost allocation issues. I have provided copies of a lengthier statement; I won't go through all the points in that. They are there for members of the committee to review as well as the staff. But let me try to highlight a few points.

I have been involved in the trucking concerns from a State standpoint for several years, working with the Western Highway Institute and obtaining some uniformity in truck size and weight issues in the Western States. I anticipate that over the next 4 or 5 months, I will be attempting to assemble a response to the Federal cost responsibility study and hope that that response will be available to the Congress after the first of the year.

Your invitation identified four issues that you wanted discussed. First of all, the condition of the highway and the factors affecting that. Well, the conditions, as you've heard are poor. The factors are basically the inability of the States or the Federal Government to respond to those needs as well as they should. The highways themselves have fulfilled the use that they were called on to in their original design, by and large. They have provided for the traffic for more than their life expectancy. Over 55 percent of the highways in Oregon are more than 20 years old. Twenty years was kind of a standard design life. At the same time, we reached that in many cases because of traffic growth that was not anticipated, and particularly traffic growth in the heavy vehicle and the heaviest of vehicles, as far as that's concerned. This all in the face of a decreasing program. If you look at the total Federal-aid program for the past 6 years between the years 1975 and 1981, total Federal-aid program went up about 29 percent. At the same time, if you apply to that the Federal Highway Administration costs information, you come to the conclusion that the program really decreased and diminished by 20 percent over that 6-year timeframe.

The needs are there in all States. We identified the needs for our Interstate System, including the 4R. And it comes up to some $650 million in current dollars.

Senator Symms. $650 million annually?

Mr. Coulter. No, this is a total of $650 million today to complete the system and to provide for about a 10-year modernization of the 4R aspect of the interstate program.

Looking at the total needs on the rest of the system, just to keep it in its present deteriorated condition would require about $1.3 billion. If we want to overcome some of that and put another half billion dollars into it, then that would come up to a figure of $1.8 billion that we have used. Those two figures—the first is what we estimate to be 10 years' allocation of interstate funds to the State of Oregon using the figures that came out of the bill this committee adopted. The rest of the Federal aid program is a total that would take 36 years' allocations in order to offset that expense. That assumes no inflation. Annual inflations will increase the cost and make the situation even more bleak.

We think that there is a need to extend the trust fund now, a need to provide at least a 1-year extension of the existing program, and then get into the details of an increased Federal aid program providing flexibility as much as possible and how the moneys can be spent so they can be most responsive within the needs of the State.

With regard to the allocation of costs, we've always been a staunch supporter of cost allocation and responsible user groups pay their responsible costs. There are differences certainly between approaches. There are differences in the studies both in the expenditures that are looked at. The Federal study, of course, only looks at expenditures that the Federal Government is going to make on the Federal highway system over a period of time. Whereas, the State of Oregon looks at the expenditures that the State of Oregon is going to make. Ours includes the costs of the day-to-day maintenance, the plowing of the snow, the fixing of the potholes, the cutting of the grass.

Differences in the systems is looked at. The Federal study, of course, looks at the Federal-aid system. Our study looks at the total highway system as well as the local roads and streets. Many of those are not on the Federal system. There are also differences in the theories, whether you should use the primary theory for allocating costs in the Federal study or whether a more traditional incremental method is more appropriate. It can be argued for a long period of time. I guess I've reached the point where I don't think that the differences are that great. I think that all of these studies indicate that there is a need for some realinement of the costs. And I think that it's appropriate that we get on with that program and come up with what is politically the best balance between the cost allocation studies from the Federal Government from the information that you have obtained from some of the user groups as well.

We think that with the increased program that I recommended and thought was appropriate earlier with some correction in the cost allocation between the user groups themselves and with some steps toward uniformity in movements to size and weight across this country eliminates from basically the barrier States that it can be a real plus in the total transportation of our goods and services across this country.

You asked for comments on proposals to change the structure. We've always based our support on user fees, cost responsibility. The alternates that were in the Federal study as well as those that were attached to the letter of invitation certainly increased the equity between the user classes but did little to improve the equity between users within those classes that would have a user traveling 20,000 miles with an 18-wheeler pay not that much different than what a user traveling 100,000 miles with that same type truck would pay. That's one of the reasons we're a supporter of a weight distance tax. We believe that that deserves continued consideration. We think that it is a feasible alternative and something that can be implemented.

I don't know the implications and all the arguments for and against the excise taxes. That's something that is unique in Oregon. We don't have a sales tax and are not accustomed to excise taxes.

However, we think that it's possible to come up with a program that will provide for the continued growth of highway transportation in this country. We think that there is a potential for some of the use of the more productive truck configurations under operating permits in the States and think that the States should have the ability to do this. Now, that provides a situation whereby a trucking company can use one of the more productive truck configurations to carry more gross loads at less cost and at the same time in doing so will have lower axle loads and take less of the life out of that highway itself. So both the public and the transportation industry itself benefit.

We think that it's possible for trucks and vehicles to operate safely on the same highway and that they will continue to do so. One of the things that we have been particularly pleased with in recent years is the commercial vehicle safety allowance that has been entered into between eight of the Western States and a couple of the Canadian provinces whereby each State uses about the same criteria for making safety inspections on the trucks themselves. I was rather amazed with some quick figures. And I'll give them to you rather rapidly. We started about 2 years ago. And during 7 months in 1980, we put out of service 49 percent of the trucks that were inspected. During 1981, we put 40 percent of the trucks out of service. During the first 6 months of this year, that percentage dropped to 29 percent. And the information I got just yesterday was during July that figure dropped to 23 percent.

Senator SYMMS. Well, on that point, are those the same trucks that have just been remaintained and put back on the road or new trucks?

Mr. COULTER. These are the trucks that are pulled out of the line when they're going through our weigh stations. What we do though is we have identified a process. If a truck is inspected in Washington, then we recognize their inspections. We don't bother to inspect that truck. This is the system. We find about 50 percent of the trucks coming through have been inspected.

Senator SYMMS. Well, what I'm saying is that's a pretty impressive improvement to go from half of the trucks down to 20 percent.

Mr. COULTER. Yes.

Senator SYMMS. But as near as you can tell, are you inspecting some of the same trucks that once failed the inspection and have now passed it? That's what I mean.

Mr. COULTER. We don't know. We're just picking them out of the line as they come through. And it's just a random selection.

There's probably a bigger violation rate among the locals or the so-called gypos than there is between the line haul users.

But we were impressed that the numbers are decreasing. Part of it is probably due to decreased truck utilization. The economy is down a little bit. At the same time, it's the percentage of the trucks inspected and not a number figure that I'm using. We find more and more of the trucks that we run across that have had an inspection in some other States.

Senator SYMMS. Are we doing the same thing in Idaho on truck inspections?

Mr. MANNING. Yes, we are. We're part of the compact.

Senator SYMMS. And in Washington?

Mr. BERENTSON. Yes.

Senator SYMMS. Are the numbers about the same?

Mr. MANNING. I don't have the figures. Our program will expire October 1 because it's a federally funded program. And so that after that point, it will be a very random thing done by the State Police.

Senator SYMMS. That is, unless we pass the——

Mr. MANNING. Unless it gets more funding.

Mr. COULTER. I see it as a program that has worked. We're reducing the impact on the trucking industry because the trucks we inspected are those that have not been inspected before. If they have recently been inspected, we're not going to stop them 20 miles down the road or 100 miles down the road. It's a program that works. I guess you've heard most of the arguments about the condition of the system and the factors.

Senator SYMMS. Well, thank you very much for an excellent statement. You mentioned that you favored the truck weight system. You don't have that tax though, right?

Mr. COULTER. Yes, we have a weight distance tax.

Senator SYMMS. I know we have in Idaho. Do you have it in Washington too, Duane?

Mr. BERENTSON. Not a ton-mile, no.

Senator SYMMS. You do not have a ton-mile. What is your viewpoint on enforcement? I hear a lot of people tell me it is not being enforced properly.

Mr. MANNING. Enforcement of any tax requires the keeping of records. We have States that now are taxing diesel that requires the keeping of diesel records and auditing of those records. Ton-weight distance tax or ton-mile tax, whatever you want to call it, requires the same thing. It's the same in income tax, sales tax, ton-mile tax, gasoline tax. Any tax has to be audited and checked. And to that extent it's difficult. They're all difficult, but they're not unmanageable.

Senator Symms. What's your opinion if the Federal Government were to choose to do something like that as a result of the cost allocation study, how would the Federal Government go about doing this? Do you have the States collect it when you collect yours?

Mr. Manning. I think the States should probably collect it because they have the machinery available through their registration systems. And then with the cooperation of the IRS to go in and audit the trucking companies, it would be very simple to audit various States, and especially simple if every State was doing the same thing.

Senator Symms. So you would favor this approach over and against an excise tax on axle weights or something like that?

Mr. Manning. I certainly would.

I think that it does two things. One is equitable in that it taxes the long-haul trucker—the one that uses it most at a higher rate than someone who uses a truck of the same size only 20,000 or 30,000 miles a year. It also tends to decrease the axle weight which are the things that cause the damage on the highway. And if we got the incentive to put more axles under the weights instead of always attempting to increase the axle weights, then the highways would last longer. And it would be a benefit to all the taxpayers.

Senator Symms. Do you think the pound minimum is a good place to have it?

Mr. Manning. It should be stable whatever it is. Then we can design our highways for that. You see, we designed a lot of highways 20 years ago at a lower weight. And then the industry puts the pressure on Congress to up the weight. And then we are then running trucks on a pavement that wasn't designed for the weight that are now being used. So we should stay at what we've got.

Senator Symms. What I'm talking about is this unified weight system. But there isn't any reason that we can see in the foreseeable future, at least in our life time, to think that technology is going to make it so that we'll want for some reason necessarily smaller trucks, is there? Is there something we can't see?

Mr. Manning. I don't think there will be smaller trucks. Scott Coulter is probably the best expert on the trucking industry and pavement designs in the West if not the Nation. So you've got the man here that can answer that question.

Senator Symms. Scott, how, does that work out with, say a new rig that's got an 80,000-pound load on it with no axle over 18,000? How many cars would have to run over the road in your opinion, to equal the same road use?

Mr. Coulter. If you're looking just at the impact on the pavement structure itself, it's a tremendous number of axle loads there and a number of automobiles you would have to run over that highway to do the same damage as one 80,000-pound 18-wheeler. But then at the same time there are a lot of costs involved in the full highway program that aren't just——

Senator SYMMS. The guy that drives the car eats potatoes too.

Mr. COULTER. You plow snow for all of them. And the weight doesn't have any effect on how much snow you have to plow off that road.

Senator SYMMS. In summarizing your statement, Darrell, you went by a point that deals with this maintenance question that bothers me. You mentioned that Highway 95 north of Parma trucks hauling beets destroyed and weakened the pavement in 3 days. Did you have a frost and then a thaw?

Mr. MANNING. Yes. The combination of weight and environmental conditions—if you get those combinations, if you delay getting the road posted, if you're out there 1 day later than you should be in posting the weights or get compliance 1 day later than you should, you can destroy an entire pavement system if it's in the fair and poor condition like 50 percent of our system is.

Senator SYMMS. Do you have the authority to go right out there on Highway 95 and say, "We've got to reduce the weights on the beet trucks"?

Mr. MANNING. Yes, by axle weights or speeds or both. And we do that.

Senator SYMMS. Do we all do that in all the States alike?

Mr. COULTER. We don't do it a lot. We're very reluctant to because of the load that you're impacting may be that load that originated in Dallas, Tex., and is on the way to Seattle.

Mr. MANNING. This happens mostly in the secondary highways on our system.

Senator SYMMS. You've got the problem of trying to get the beets out of the ground, and you think it's going to rain and freeze again.

Mr. MANNING. That's correct.

Senator SYMMS. And the worry that they're going to be left in the field. And, of course, you've got the fact that it's their road too and the one time of the year that they need to use it. It's a very difficult thing to handle. But I can see how the damage could be done in just a few short days and could cost millions of dollars literally.

Mr. MANNING. That's correct. Trucking is necessary, and we all acknowledge that. But we do have to protect the highway system. If the system was in better shape, we wouldn't have the trouble.

Senator SYMMS. What's the effect of just a flat increase in the fuel user's fee on gasoline and diesel on an equitable distribtuion cost allocation?

Mr. COULTER. We use an 80,000 pound tractor semi as kind of a typical vehicle because there's probably more of those on the highway than any other. But its cost responsibility as a vehicle is probably 16 times that of a passenger car. That's total. That's by the time you say that some of it is weight related and some of it isn't weight related, it's environmentally related. And yet they do a lot in a design form that's many times that. However, they probably only take four times as much gasoline or fuel to go down the highway as does an automobile. So if you just increase the fuel tax, then you're building in a four-to-one disparity in that increase in the fund from there on a cost responsibility basis.

Senator SYMMS. What's your opinion? Do you both agree with that?

Mr. MANNING. Yes.

Mr. BERENTSON. Yes.

Senator SYMMS. If you disagree, speak up.

Mr. MANNING. I think alternative 3 does speak to that a little bit in that it raises the diesel tax higher than the gasoline tax.

Senator SYMMS. One controversial thing we've got to settle—and I don't see any way to get out of it without having somebody feel like they're getting an unfair shake or somebody else getting a fair shake because our American way, you don't mind raising taxes as long as you raise it on thee and not me. We're all guilty of that. I don't think that there's anybody here that would rather not have somebody else pay the taxes. That's just human nature. But what's your opinion of the methodology that was used in the Federal cost allocation study that DOT is in the process of coming out with?

Mr. BERENTSON. I think we've been rather reserved and taken plenty of time. The position has been that it is a study that is very worthwhile. I don't think it necessarily leads to the ultimate answer from a revenue basis. I think that's going to be a tremendous battle apparently. But I think as far as our State is concerned, we think it was a study that was well conducted and does indicate that the trucking industry is probably underpaying.

Senator SYMMS. Heavy trucks?

Mr. BERENTSON. Yes, heavy trucks.

Mr. MANNING. We agree with that. We look at it as a step forward and one that previously had only been taken by the cost allocation study done by the State of Oregon. They're based on a similar premise, and I think a fairly sound one.

Mr. COULTER. There are some little differences. I'm not sure that I want to say that—I won't say I fully support the Federal study. A part of their study—and particularly the part having to do with the allocation of costs on the pavement rehabilitation aspect of the program appears to me to be looking a little bit in history rather than looking forward. One of the things we done in our cost allocation studies is anticipate what the expenditures were going to be over a period of time and allocating those costs as to which groups of classes of vehicles are going to be responsible for those and that they use a consumption theory that is a little bit looking backwards rather than ahead. The point I want to make is that even if you discounted that and used the same factors on the preservation-type work as is used on the new construction-type work—some kind of a form of an incremental approach—the end result and the percentages isn't going to be that great. We're talking about some minor differences. They're not that great. Now, just what those numbers are, I'm not sure. Whether that would change the percentage from 42 percent to 40 percent or something like that, I suppose.

Senator SYMMS. I had one person tell me, "Well, look, this highway wore out because of environmental problems and there were no trucks driving on it." I have to tell you that if you drive on Highway 95 north of Washington, D.C., where all the trucks are, the roads are in great shape. If you drive on the Baltimore-Washington Parkway where there's no trucks, the road is a mess. That makes a great case for the truckers that they're not tearing up the roads and it's cars or weather or whatever. There is obviously a case here. Do you want to comment on that, Darrell?

Mr. MANNING. No, I'll give you some other examples the other way.

Senator SYMMS. Well, I know you can give examples. You gave one over by Parma.

Mr. MANNING. We also have areas in front of the weigh stations where we can test those as opposed to the approaches. It shows the wear increases where the trucks are. Also in the traveling lane as opposed to the passing lane. They obviously have the same environmental situation.

Highway 21—the new part designed in the sixties—has lasted very well. It has no trucks.

Senator SYMMS. I drive the interstate a lot going from Boise to Twin Falls and it's a lot smoother in the left lane, I have to admit.

Mr. MANNING. That's right.

Senator SYMMS. I used to always make the argument those apple trucks didn't wear out the road. But I sometimes wondered. John Sessions made the example yesterday of the Teton Valley Road where the trucks going out with seed potatoes on it. And they're backhauling empty usually and how it's worn out on the—I guess it would be the northside of the highway. And the south lane is not as worn out. It does show that. But do you think we're spending enough money on research on questions like this in the Federal highway programs? Should we be more concerned about this? Is it possible to figure out if the highway system is so bad because of the unique weather conditions, say, from Parma around the beet dump that it would be cheaper for the taxpayers to pay for the insurance policy on the sugar beets that might be lost to keep them off the road for 3 days or a week, gambling on that they can be able to finish the harvest and pay the labor cost of all the people that are waiting for the harvest? Is that impossible to figure out things like that? Or are we just going to have to live with this? Yet there are so many people that have a complete invested and legitimate interest in moving the harvested products from the field at a critical time and it can't be done.

Mr. MANNING. I think it would be more cost effective to keep the highway in good condition than it would to try to assign those kinds of social costs on whether or not to get a field harvested. That obviously has to be done. When we post a road, we do it for slower speeds and slightly lower weights. But they can still get the job done. It would be much more cost-effective for everyone if we would keep the highway condition in good shape in the first place and not have to face that problem. I think we're treating symptoms rather than the cause.

Senator SYMMS. You're saying then that if we had better maintenance and the roads in better shape, then the truckload of logs or whatever does less damage?

Mr. MANNING. If we can keep them within limits. That's the other side of the coin. It's a difficult thing to keep the actual loads down too.

Senator SYMMS. You're being awful quiet.

Mr. BERENTSON. Well, I just suspect that the other two States are very similar to us. In Interstate 5, which is very heavily traveled from Seattle north and south into the Tacoma area, we see tremendous damage not only from trucking but from just studded tires which are now vastly improved. And we think that damage will slow considerably. We are going to be at the point in that particular area where we would possibly consider lane control where some States are taking that smooth lane and directing some of the traffic over there. I have a tough time on deciding that that should be the slow lane over there. But I really think for the most part that we have the knowledge if we have the courage to take the action.

Senator SYMMS. Well, none of you really commented on the research question. Should we be trying to do more on that? Or are we doing enough?

Mr. BERENTSON. I meant to state that. I think we have done a reasonable job in the research area, not that we won't continue.

Mr. MANNING. I'm chairman of the transportation research board. We have a considerable number of projects on paving and cooperative research projects. I think basically we have pretty good information on what is required to keep the highway in good shape. The problem it always identifies is the need for more investment. And if the user is going to invest an adequate amount of money for good highways, they'll have good highways. If they can't or won't, then they will deteriorate.

Senator SYMMS. Thank you all very much. It's very enlightening to me. We'll take this information back to the committee. I compliment all of you for the effort you make to see that we can travel around here in our great Northwest as efficiently as possible. So thank you very much. I appreciate it.

Mr. MANNING. Thank you, Mr. Chairman for the opportunity.

Senator SYMMS. We'll keep in very close contact. Our next panel is Mr. Art Helbling from Moscow representing the American Truck Dealers Association; Mr. Warren Hoemann and Mr. Doug Miller, the Western Transport and Crane Co. from Missoula; and Mr. Jack Able, Lewiston, Idaho, Zirbel Transport and Wood By-Products?

STATEMENT OF ART HELBLING, MOSCOW, IDAHO

Mr. HELBLING. Senator Symms, my name is Art Helbling of Moscow, Idaho.

I am an International Harvester truck dealer, selling most of my trucks to farmers of the Palouse Empire and the local truck operators.

This morning I am representing the local dealers of the Pacific Northwest, as well as the motor truck dealers nationwide.

We, as a group, thank you for this opportunity.

I will expand on comments made yesterday by Mr. Lessing, who is government relations chairman of the American Truck Dealers Association. Specifically, I will discuss the problems as to how the excise tax on trucks and truck parts adversely affect both we the dealer and the consumers of the area.

Our prospective buyers are facing a 10-percent penalty on the privilege of investing in a new motor truck. This is a disheartening situation with the farm and local economy bouncing off the bottom. This discouraging problem, not only adversely affects the consumer, who is then not in a position to use the most effective and productive equipment, but also has a negative effect upon we dealers who are very much in need of new truck sales. The consumer then continues to use less efficient equipment on the road, which may or may not prove to be a safety hazard, depending upon the age of the equipment, but he is then being subsidized by those few who can afford to buy new units and pay this excise tax.

Our Canadian friends do not have a similar tax; thus, we dealers are subjected to an unfair competition from the consumer who finds it advisable to drive into Canada to buy his motor truck. There have been cases where the buyer has reimported the truck and not paid excise tax due. The American trucker versus the Canadian trucker completely has a disadvantage as he must pay 10 percent more for the cost of his vehicle; thus he must haul for a lesser revenue in order to meet competition which then reduces his potential profit to a relatively dangerous low position—condition.

Then, there is the even more serious problem where the used trucks may be imported from Canada without any payment of excise tax. New vehicles which are used a limited amount, or said to be used a limited amount, may be transferred back into the United States without the penalty of an excise tax. This places a heck of a burden on we dealers who must compete with this unfair competition. Yet there is absolutely nothing can be done about it because of the present tax laws. Also, safety and emission codes can possibly be bypassed through this process.

An excise tax on trucks which are to be used primarily on private roads and only having a limited amount of public road use is an unfair tax. Loggers, miners, and some contractors come under this category. We have farm friends who use their trucks sparingly, putting only a few miles on the vehicles each year, because they will run them miles during spring work.

A logger spends his own money to build the roads upon which he will be operating for the coming year. This category of operators, certainly pay more than their fair share, when you base the amount of excise tax paid upon the number of miles that they spend on the highway. And as you and I well know, these industries are seriously depressed in our part of the country, as well as nationally. Why should we be subjected to the unfair burden when this is being—why should they be subjected when this is being placed upon them?

This is a competitive problem—there is a competitive problem which exists between private motor truck dealers and company-owned stores. Branches do not pay the excise tax, as I understand, on their truck inventory until the unit is sold. Thus, they have a definite advantage in their not having to pay interest on the amount of excise tax. In the case of further manufacturing, the private dealer is penalized as he must add this manufacturing into his cost and pay the additional excise tax, while a company store can do the opposite, by bailing out of a deal, at less than their cost and have to pay the excise tax on the lesser figure. When a dealer bails out of a deal, he has already paid the full amount of the excise tax and will get no reduction. We just recently sold a new truck, without a trade, at less than invoice price, upon which we had paid the full tax, based on the invoice price.

We dealers are penalized by this excise tax as it adds to the cost of our inventory, while we are holding the truck for sale.

Senator **Symms**. All right. Let me ask a question.

Mr. **Helbling**. Yes.

Senator **Symms**. Are you saying then if you have a truck—an International truck that you sell, you have already paid the excise tax based on what the window sticker price is?

Mr. **Helbling**. Yes.

Senator **Symms**. Or manufacturer's price to you or what?

Mr. **Helbling**. Yes.

Senator **Symms**. Yes on what? Yes, it's on the manufacturer's price or the retail price?

Mr. **Helbling**. It's on the manufacturer's price. It's 10 percent of the manufacturer's price. And anytime we buy a truck, if a truck is $20,000, there's $2,000 excise tax that's charged to us.

Senator **Symms**. OK.

Mr. **Helbling**. And within about 30 to 60 days we immediately have to finance that. And we have to pay tax on that.

Senator **Symms**. OK. Let's say I'm over in Pullman and I've got an International store and I work for International Harvester and I've got the same truck—manufacturer's cost $20,000. But I sell the truck because of desperation inventory sale or something for $18,000, then do I pay only $1,800 excise tax?

Mr. **Helbling**. Yes.

Senator **Symms**. What if you sell the truck below cost, can you file and get the money back?

Mr. **Helbling**. You could if you could afford to wait 10 years, why it would be all right.

Senator **Symms**. OK.

Mr. **Helbling**. We the dealers are penalized by this excise tax as it adds to the cost of our inventory, while we are holding the truck for sale. For the past year or two, we have been paying over 20 percent interest, at times, on our excise tax accumulation, as well as paying additional insurance on the amount of the excise tax which is being carried. We at Moscow are relatively small dealers, yet this figure amounted to more than $2,500 on a few trucks in our inventory for this last year. We the dealer and we the consumer of these trucks, at times, will pay sales tax on this tax which is unfair in the sense that it is double taxation.

Senator, the dealers and motor truck users of the Pacific Northwest and nationally wholeheartedly request that you and your committee do act in our behalf. The economy is tough, cash flow is lousy, the interest which we pay on our new and used inventory is too damn high. Please treat us fairly as you consider your new highway taxation policy.

We thank you for your positive approach in the past, today, and tomorrow.

Senator **Symms**. Thank you very much for a very excellent statement. I'll have a couple of questions I want to ask you when we get through about the ton-mile tax. We'll get to that then. But first we're going to hear from Warren Hoemann of the Western Highway Institute.

STATEMENT OF WARREN E. HOEMANN, GENERAL COUNSEL, WESTERN HIGHWAY INSTITUTE

Mr. HOEMANN. Thank you, Senator. And thank you for the opportunity to testify today. My name is Warren Hoemann. I am general counsel of the Western Highway Institute.

WHI is a research foundation which is supported by the trucking industry and the manufacturers and suppliers of trucks and truck parts. We work in the 11 Western United States, Alaska, Hawaii, and the four Canadian Provinces. We do research in engineering and in taxation and licensing of interstate vehicles but are not a policymaking or a lobbying organization. So my remarks are based only on our research and experience in this field.

I will not be following my prepared statement exactly. I'll try to abbreviate it considerably.

Senator SYMMS. Your entire statement will be part of the record.

Mr. HOEMANN. Thank you, Senator.

There are two peripheral points I would like to make about the highway cost allocation study. As you are aware, we did testify on the study methodology at your Washington hearing. So I will not go into that and be repetitive.

One thing I would like to emphasize is what Scott Coulter of Oregon said. You cannot directly compare highway cost allocation study findings. I think this is important because a lot of people today are looking for an answer and may grab at the Federal cost allocation study as the answer. As Scott said, there are different questions asked when you consider a study at a State level. There are different vehicle populations, different road systems, different costs involved. For example, the Federal study does not consider maintenance costs, does not consider vegetation, does not consider beautification and such. We believe firmly in the cost allocation study system. We do have our differences with the methodology of this study. But we would ask that your subcommittee in making its findings and its report would state clearly that the Federal cost allocation study is not meant to be directly transferable as far as findings to the States.

For these same reasons, I was happy to hear Tony Kane of the FHWA say at a recent meeting of the Council of State Governments that the States should not directly adopt the findings of the Federal highway cost allocation study.

My second remark on the cost allocation study itself concerned the special permits issued for longer combinations. As you are aware in the testimony given last year on the size and weight portion of this bill, the Western States are highly dependent upon transportation by truck. And in many of the Western States, longer combinations under special permit have been allowed to operate over 80,000 pounds.

Again, as Mr. Coulter mentioned, these combinations actually operate at lower axle weights and have less impacts upon the highway because of that. However, looking through the Federal highway cost allocation study, we see no mention of these combinations, no consideration given to their reduced axle loadings. We feel that this could hurt the spread of the use of these combinations or to continue use in existing States. Already the States are under considerable pressure by the FHWA to discontinue use of these combinations even though there is reduced impact. We feel this is a grievous oversight in the Federal highway cost allocation study.

My specific testimony today concerns highway tax collection methods. And in highway user taxation, just about everything has been tried at one time or another. And everything has its faults. Everything has its difficulties. No tax system is perfect. But no tax system has been rejected more times that a weight distance tax. I think it's important to note that more States have tried and rejected—discarded a weight distance tax than currently have one now.

The U.S. Board of Investigation Agency that's now under the FHWA said that these taxes have shown an unusually high mortality rate for tax laws. Now, by these taxes. I'm referring to a number of the same family. Weight distance, ton mile, axle mile. And the difficulty in each of them comes down to two things. One, they are open to evasion. That is shown by the experience of many States.

Iowa tried a ton mile tax in 1925 and threw it out 14 years later. They stated in an official State study "in the collection and actual enforcement involved in the collection of such tax, no successful means has as yet been found at a reasonable cost."

Oklahoma tried it, rejected because they found that in the State of Oklahoma, which does not have a great network of highways, they should increase by their own study their port of entry system from 25 to 50 ports of entry.

Contrary and respectfully to what Mr. Manning just said about a weight distance tax, it is open to evasion. It is not easy to collect compared to a diesel tax which he compared it to. Diesel taxes basically are collected at the pump. The greater percentage is paid at that time—at the time of the transaction. A lesser percentage is paid by a reporting method. And even then it's easier to track the physical distribution of fuel. It is not so easy to track the distribution of miles because no one is out there handing them out. I think an interesting comparison is that the Internal Revenue Service recently stated that if everyone paid their income tax, which rarely do, we would not have a deficit. I compare weight distance taxes to the income taxes due on such things as tips. Nobody is handing out a W–2 Form. And there is no way to track it without extreme administrative costs. I think it's interesting that the Federal Government, particularly FHWA Director Ray Barnhart has recently stated that a Federal weight distance tax is a feasible option because there is a great amount of State experience out there. Again, that great amount is only eight States presently.

Senator SYMMS. Is Texas one of those States?

Mr. HOEMANN. No, sir. Only eight States presently have that experience. More States have rejected it than currently have it. Certainly in these days of New Federalism, I do not think the Federal Government would want to impose a tax which would require 42 States to institute collection method of bureaucracy that they do not currently have.

As far as administrative costs, just this past year the State of Wyoming had a cost allocation study done by Wilbur Smith and Associates, an independent consulting firm. And it was found in that study that it costs a motor carrier more in recordkeeping and delay than that carrier pays at the Wyoming ports of entry on the tax. The carrier therefore becomes taxed twice.

Colorado has a ton mile tax. At a recent meeting of the Western Conference, Council of State Governments, a State Representative from Colorado said that there was evasion of the Colorado ton mile tax. And more than that, there was secondary costs attributed to that evasion. Trucks were evading the Colorado ports of entry, going onto secondary roads that were not constructed for that type of traffic and then tearing up those roads.

Senator SYMMS. Let me ask you a question at that point if I could. I didn't mean to cut you off.

Mr. HOEMANN. That's OK.

Senator SYMMS. With relation to what Art Helbling said about there being a discrepancy between the company stores and the independent dealers.

Mr. HOEMANN. Yes.

Senator SYMMS. Are you saying you would prefer to keep the tax on axles and weights as an excise tax than you would on ton mile distance?

Mr. HOEMANN. I believe, Senator, that we are talking about two different parts of the current Federal tax structure. He is talking about the excise tax on new vehicles and perhaps on parts. I am talking about the possible addition to that Federal tax structure of the weight distance tax.

Senator SYMMS. OK. I'm talking about some fair and equitable way to see that everybody has the opportunity to at least pay a percentage of their fair share and we get more money in the trust fund. So if you take away the excise tax—which I assume, Art, is what you'd like to do. Or else you'd like to have it applied like a beer tax. The factory that manufactures beer—when it goes through a certain place on the meter, they have to write a check to the Government. Then, even if you go to the beer factory and have a free drink of beer, you're drinking beer that that company paid a tax on already. Is that what you're saying you'd like to do?

Mr. HELBLING. Yes. Or else get rid of it.

Senator SYMMS. In other words, you want your company to have the same privilege of paying for that in advance that you're getting or the lack of privilege?

Mr. HELBLING. That's right. Now the other thing, of course, is not everybody is going to be subjected, Canadian trucks for example. But there is a competition that you can't alleviate there because your trucks are going to cost more over here when you're facing that other competition.

Senator SYMMS. I can see that as a tough problem. That's why the excise tax in general is not very good.

Mr. HOEMANN. I don't think we're in conflict. I think we're talking about different things.

Senator SYMMS. Why don't we have the rest of the witnesses testify. Jack?

STATEMENT OF JACK ABLE, ZIRBEL TRANSPORT & WOOD BYPRODUCTS TRANSPORT

Mr. ABLE. Yes, sir. Thank you. My name is Jack Able. I'm with Zirbel Transport & Wood Byproducts here in Lewiston. We operate trucks for hire. Zirbel Transport hauls general commodities in 11 Western States. Wood Byproducts hauls wood byproducts, residuals, sawdust, chips, and this type of thing in Washington, Oregon, Idaho, and Montana.

We don't like to see any new taxes come into play. But if there's going to have to be roads built, roads repaired, then we understand the only place to do it is through the tax system. And this being the case, we of course can't very well object to taxes. But we would like to ask that it is a tax that is implemented to tax everybody. And I'm talking about the trucking industry. It is easy to evade by either not reporting or by whatever method, and the auditing system is expensive. If we have to have an additional tax, it's my belief that the most equitable would be an addition to the Federal fuel tax.

We now have a 4-cent Federal fuel tax that I believe is paid by the distiller or the distributor or somebody way up the line. All they have to do would be to change that 4 cents a gallon to 10 cents a gallon or whatever they decide upon. There would be no additional administrative costs. None whatsoever. It is not difficult to audit because it's paid like the beer distributors. When it goes through the meter, the tax is paid.

I believe that the statement that Mr. Helbling made here is a valid statement. But it sounds to me like they need a little overhaul within the excise tax system. But everybody buys new parts sometime or another. You have to. The old ones just won't last forever. And the same with tires. Rubber excise taxes. And here again, to increase these taxes, everyone pays. If you've got a truck with five axles and 18 wheels on the ground, you've got 18 tires. If you've got one that you've got six tires, then they're a smaller truck. You buy less rubber. If it's bigger, you buy more rubber. These are very equitable taxes. And the rubber manufacturer pays to the Government.

Senator SYMMS. This is the excise tax?

Mr. ABLE. The excise tax; yes, sir.

Senator SYMMS. What do you say about Art's problem?

Mr. ABLE. I think that there should be some investigation into the excise taxing system.

Senator SYMMS. Then you're not too concerned about the farmer that doesn't use the truck very much?

Mr. ABLE. If a farmer elects to buy a truck and if he wants to use it 2 months out of the year, then this is fine just like if he wants to buy an airplane. If he doesn't want to buy his truck, then I would recommend that he have his products hauled.

Senator SYMMS. That's a logical answer for a guy that's in the hauling business.

Mr. ABLE. If his pocktbook will not allow him to pay the taxes, then he should hire it hauled.

Senator SYMMS. You'd be amazed how much better the testimony gets the further we get out of Washington, D.C. It makes so much sense.

Mr. **Able.** I was at a meeting awhile back where there was testimony by a farmer complaining about the excessive license fees. It was over gross ton-mile taxes versus fuel taxes. He didn't object to the interest on his investment of that $25,000 truck or $50,000 truck that was sitting out in the back yard 10 months out of the year. He didn't object to the interest on the investment. But he did object because he was going to be taxed for all the fuel that he used. And the fuel was probably 10 percent of what the interest on his investment was. So the bottom line there is if he can afford the piece of equipment, wonderful. If he can't afford it, well then I would recommend he have it hired done. Just like if he can't afford a combine, he must hire a custom combiner.

But other than that, as far as any testimony that I might have, our prime concern in the trucking industry while any additional taxes would have a great economic impact on our business if it's necessary, then it's fine. But I believe that if it was implemented on the Federal fuel taxes and excise taxes—collected from the manufacturers, there's fewer fingers in the pie. There's fewer chances of evading the tax. The highway fund would actually get a larger percentage of the tax due. And hopefully if they get 100 percent of the tax due, then down the road here a little ways we can cut the percentage back.

Senator **Symms.** Thank you very much, Jack. That was very enlightening. Tim Wilson from May Trucking Co., Payette, Idaho.

STATEMENT OF TIMOTHY W. WILSON, MAY CONSTRUCTION CO.

Mr. **Wilson.** My name is Tim Wilson. I'm employed by May Trucking Co. of Payette as its corporate counsel. I've been involved in the transportation industry for 8 years, hold an MBA in transportation, and have been in my present position for 2⅓ years.

May Trucking is a company that basically started out in a back lot behind a house in the late forties, has passed control down to the second generation and now operates about 350 tractors nationwide.

Most of my testimony today is going to be in the line of citing types of highway costs that are not adequately portrayed by the recent Federal cost study. Our opposition and dissatisfaction with the Federal cost study is basically due to our feelings that it is an incomplete picture. It may be pretty good for the scope of the study. But as far as determining a complete picture of all the costs much as Mr. Coulter mentioned, it is not complete. The reason we're concerned about that, of course, is that there is not much margin in trucking industry these days. And if we get saddled with additional costs in the form of operating taxes that are not justified by complete picture of the costs, then that is going to take the form of increased rates just because there isn't enough profit left to absorb it without that. And that would be to everybody's disadvantage.

Throughout the bulk of its history, Federal programs aiding States in the construction of highways have concentrated on the construction of new highways or the complete reconstruction and major expansion of existing highways. Funds have not generally been available for routine preventative maintenance, this task being considered the proper province of the State and local jurisdictions. The manner in which States have dealt with this situation has been misfunctional in that States have frequently postponed or ignored a continuing program of preventative maintenance because they found it more profitable to allocate State and local funds to match Federal funds rather than on preventative maintenance. I had the privilege of observing a hearing of the 1973 Oregon House of Representatives Transportation Committee chaired by Pat Whiting. In that hearing, Robert Burco, who was then director of the Oregon DOT, testified that Oregon policy had been to consciously allow highways to deteriorate to the point that their reconstruction would be eligible for Federal funds rather than to perform preventative maintenance, which had a lower total cost but which required more State funds due to refusal of the Federal Government to participate.

While Mr. Burco did not testify that there was no preventative maintenance program or that the practice was present on all highways, he did cite this practice as being a major contributor to the accumulation of deferred maintenance on State highways, which at that time totaled approximately $2 billion in Oregon. I believe Mr. Manning and Mr. Coulter cited deferred maintenance as a major multiplier, one might say, of wear on the highways. And, of course, it's pretty well known that if you don't maintain something, the deterioration accelerates. While it's clear that this deferred maintenance is going to have to be made up, it is not clear that trucking companies who had no particular control over the State departments over the period of time they controlled maintenance should be particularly hit for making up this maintenance more than the general population that after all elects people that appoint the people that made the decision.

Blaine F. May, our executive vice president, has been active in a committee composed of both State officials and industry officials in Idaho. The purpose of the committee was to look at taxation of highways and providing funding for maintenance and to come up with some ideas. And basically the opinion he came up with has been represented by several people before, which is that there's a tremendous evasion problem with ton-mile taxes. His particular estimate from his work on this committee was that if you could get 100-percent collection, you'd probably double the truck related taxes. But you don't get 100-percent collection and probably would never get that high. But if you could improve it, it would certainly be a benefit.

It's pretty easy to audit a trucking company like May Trucking. We're running in 48 States plus B.C. We have to keep voluminous records just to fill our shipments. We have to do everything by computer. And it gets harder for us to cover our tracks if we were evasion minded, which of course we're not. It is not so easy to audit someone that's still running their company out of their hip pocket or someone that perhaps uses their truck in their own business normally but has seasons of the year where it's available for other use for lease or hire or something. And it's also not easy to audit the occasional user, for example, a trucking company based in Dallas that occasionally goes through Idaho or Oregon or some distance State. You've not got an easy way to get a handle on that person.

Consider the effect of either State or Federal Governments reacting to the low input of funds by only increasing the taxes on those who are already paying their taxes. Our rates go up because our costs go up. The gypo's rates don't go up. They're not paying now. They won't be paying then. So as our people are forced to the wall by people that don't have the same costs because they're not as reputable, one might say, some of us will go out of business. Some of us will lose market share. When we finish the process, the gypos that aren't paying will still have wear on the roads. You'll still have your problem. We will have lost a number of companies, and freight rates will have gone up. The collection problem must be dealt with.

Finally, I would like to deal with the issue of cross-subsidization or urban passenger transportation by intercity transportation. When the interstate and defense highway program was established, its emphasis was on intercity freeway segments bypassing major metropolitan areas with gateway spurs to those areas. It did not anticipate funding for intraurban passenger transportation characterized by high-surge flows during the rush hours and high-capacity requirements geared to those peak travel times. In recent years, however, the bulk of the dollar value of construction has been for urban freeways whose construction is characterized by high land acquisition costs and high construction costs due to depressing the freeway for sound barriers or elevating various things, bridges, viaducts, the whole smear. The passage of trucks, buses, and cars over the intercity highways in mixed traffic has provided Federal funds that have been restricted to use for new construction. The new construction has been recently primarily for urban passenger oriented freeways, thus milking the intercity, mixed network to subsidize construction of extremely expensive urban freeways.

Even if one were to accept that cross-subsidization from some source where appropriate, I would argue that the intercity freight transportation industry is an inappropriately narrow source of those funds because of the extremely narrow profit margin figure. The use of these urban transportations is a general benefit. It should be funded generally rather than from specific intercity transportation because the benefit is general. Just like you fund police forces generally. You don't tax any particular group for that.

One cannot assume that the cross-subsidization is even being administered in efficient manner. As an example, I would like to cite a series of studies performed in the Seattle area concerning their regional transportation plan. They developed a recommendation composed of a range of alternatives for their urban passenger problem ranging from staggered work hours, parking regulation modification, clear up through transit and freeways and light rail transit, similar to what Portland is getting. When they conducted their review of that, supposedly prior to what they call alternatives analysis—it's a Federal requirement—they found that they couldn't submit all the alternatives analysis that they wanted to. And I'd like to quote from their publication from December 1976, which is in the written statement.

> Alternatives analysis is a planning requirement of the Federal Government designed to carefully analyze the justification of transit operators for requests for major capital expenditures for transit. This direction has been modified. A major impetus for the modification was UMTA's unwillingness to fund alternatives analysis here in Seattle.

The then administrator of UMTA visited Seattle and indicated essentially—if I can paraphrase—that they would fund alternatives analysis if he could prescreen the alternatives.

If we're going to have a cross-subsidization from a narrow area, intercity transportation over to urban passenger freeways and transit, then we have to give the people the flexibility to choose and indeed require them to choose a cost effective method rather than dictating some unelected bureaucrat's disposition of what needs to be done when he doesn't live there, never probably saw the place before.

In summary, I'd like to say that I presented three major cost areas that are not considered by the most recent Federal study. The first one that was appointed to by our State officials was that deferred maintenance has magnified the situation of the highways and is not any particular fault of the trucking companies. The second was the uneven distribution of users fees among trucks due to the difficulty of enforcing against gypos. And last is the cross-subsidization problem between intercity people who have been paying the taxes, built the intercity freeway and would like to see them maintained but have seen their funds siphoned off for use to a more restrictive market segment of highway than was originally intended.

It is the position of May Trucking Co. that the failing of the cost allocation study is that it is too narrow and fails to consider costs from nonweight sources. While it is clear that the deferred maintenance must eventually be paid, it is not clear that the trucking industry should be shouldered with a disproportionate share of this burden. Now, prior to implementation of this study, nonweight related sources of highway expense should be measured—or they probably already are—just compiled and included to form a more complete picture.

Senator Symms. Thank you all very much for some excellent testimony. You can see the problem that we do have to try to come up with a fair, equitable position on this. I guess I have to go back to my first question. If we remove the excise tax on trucks, we've heard some pretty good arguments of why the ton mile tax might be difficult to apply. Darrell Manning thinks that it can be enforced. And maybe it can. The IRS has had a difficult time enforcing taxpayer compliance with the things like tips and dividends. It will be interesting to see if the new changes put into effect will really have the impact that's anticipated on, say, tip income to the Federal Treasury or dividends that have not been paid before but will now be on the record books. What would you recommend, Art, if we got rid of the excise tax? What would you say? How are you going to do this if you get rid of the excise tax? What's the alternative?

Mr. Helbling. First of all, I'm not an authority on this. But I have three comments. No. 1, my farm friends I don't think are going to agree with Jack over here about the luxury of having themself a truck. No. 2, as in business—they say businesses don't pay taxes. They just collect them and pass them onto the consumer. And I think you're looking at probably the same thing right here. That your truckers are going to pay the taxes. And the consumers are the ones that are really going to pay it. So it's just a disbursement. But everybody that uses these facilities should pay the use tax one way or another. You have a car or you have a truck and the amount of damage you do. Now, that's a big can of worms.

Senator SYMMS. Well, the guy that testified in Washington from the committee for competitive economy said, "Simply. You just put the tax out here on the toll road. And the guy drives in with an 80,000 pound truck, he pays so much. And the guy drives in in a 3,000 pound automobile, he pays so much and depending on the axle weight. And you've got it taken care of."

Mr. HELBLING. All you need is a grocery checker thing that——

Senator SYMMS. You need some kind of a system to collect that. I wouldn't say that would be impossible the way computer technology has gone. I suppose there would probably be a dirt road somewhere that would avoid the computer.

Mr. ABLE. And the other thing is if you happen to have an individual sitting in this toll booth like they do in Indiana, New York, and these places, I would venture to say that on Highway 80 between Reno and Wells, Nev., he wouldn't collect enough to pay his wages. The traffic on many of our western highways is very sparse in relation to what it is on a toll road. In order to have a toll road, you got to have traffic in order to warrant a method of collection. So your collection, percentagewise, is going to be very expensive.

Senator SYMMS. An experience that's worthwhile for anybody from the West to see is on some holiday weekend to drive on the New Jersey Turnpike. It's incredible when they stop to pay the tolls. The traffic stops and starts, and pretty soon they've got it backed up for miles of stop and start traffic. If they just kept moving 25 or 30 miles an hour, they could move it all through there. So that is a problem. What you're saying then on the inequity between the branch stores and the dealers, I think I heard you correctly, you're all saying that's a separate problem? Don't compare apples to oranges. In other words, you can work that out?

Mr. HOEMANN. Yes.

Mr. WILSON. Yes.

Senator SYMMS. Are you saying, Tim, that you think the excise tax is OK if it's fairly administered? Or do you have a solution on the Canadian trucks?

How much do you run into that? Do you have to compete with them?

Mr. WILSON. Well, we compete with a lot of Canadian truckers. And as you know, the trucking industry is active as far as entry.

Senator SYMMS. You compete with a lot of American truck companies that have trucks that come from Canada?

Mr. WILSON. That's probably true. I think the trucker has two different problems. The first problem is his international competition, what happens when people bring stuff in from out of the country. But the problem that I think was more important and would be even more important deeper into the United States than we are here is the location in the marketing chain where you place the tax. As I gather, the problem with the branch store would be solved either by moving the tax back in the marketing chain so that everybody pays it before it gets to him or the branch store equivalent competitor or if they pay it after it leaves him or his branch store competitor. And, of course, he'd just as soon rather have the latter because he doesn't need to pay interest on the tax.

Senator Symms. Warren, you talked about the expansion of the triple trailer as being a way to preserve the highways. But what do we say to our Eastern States that have already highly congested interstates? Do you have an idea about how to do it there?

Mr. Hoemann. We would only suggest the use of longer combinations, whether they be triples or various other combinations as well—Rocky Mountain doubles, Turnpike doubles. But we only suggest that under special permit that is controlled by the State, controlled as certain routes, certain conditions such as driver experience, insurance levels. Certainly it's not a panacea for all highway problems. It certainly is an aid. As far as the Eastern States, I believe that it should be left to their State engineers and administrative officials. I believe they should have the flexibility to choose that alternative if they think it is proper for them.

Senator Symms. Jack, would you support a differential on gas and diesel as a way to try to help make it more equitable?

Mr. Able. I believe that would be something that I wouldn't say no to. It would depend on the amount.

Senator Symms. How much difference could we have before you, as a trucker, would say, "I'm going to go to a gas line of engines instead of diesel engines"?

Mr. Able. I don't know. I'm not prepared to answer that.

Senator Symms. Substantial?

Mr. Able. Substantial because actually the tax is relatively a small percentage. In other words, there are other advantages to running diesel engines.

Senator Symms. What's the percentage of the heavy trucks on the highway that are running gasoline engines?

Mr. Able. Oh, very, very small. Very small if you call heavy anything over 60,000 pounds.

Senator Symms. That's what I'm saying.

Mr. Able. Very, very small.

Senator Symms. That would be one thing we might think about then would be the differential? Then you got the problem with the automobile people, I guess. They would think that was a disservice to them.

Mr. Able. Possibly

Senator Symms. Of course, I can tell you what his free enterprise answer is. They don't have to buy diesel engines just like that farmer.

Mr. Able. And they're getting 40 miles to a gallon.

Senator Symms. Well, I tell you, as one farmer, we came to that conclusion. And I certainly have sympathy for those of you who go through those inspection lines. You get the farm trucks. It's pretty easy for the State inspectors to pick out which guy is the one that's got the truck that won't pass the inspection. I had that experience one time. They picked me out a mile away. And that was the last one we hauled to California. From then on, we started hiring them. We used to try to do that. But it's difficult if you're a farmer.

I don't think I'm going to ask any more questions. But I certainly appreciate the testimony that we received here from all three of you.

I think that rather than take a break we'll just go ahead and finish. Let's hear from panel No. 3, Bob Henry, Idaho Transportation Council; Bill Crutcher, commissioner, Clearwater County, Idaho Association of Counties; Jerry Nicholls, structures engineer, Spokane County engineer.

Mr. DURANT. I'm going to take Bill's place.

Senator SYMMS. You're going to take Bill's place, OK. That's X. E. Durant?

Mr. DURANT. Right.

Senator SYMMS. For the record, instead of Bill Crutcher we've got X. E. Durant.

OK, Bob Henry.

STATEMENT OF R. L. HENRY, ADMINISTRATOR, IDAHO TRANSPORTATION COUNCIL

Mr. HENRY. I'm speaking here today for the Idaho Wheat Commission, Bean Commission, and the State Wheat Growers Organization. Fairly large agricultural groups of the State of Idaho. I think they're representative. Although, we don't claim them to be. And since we're talking to you, we won't have to go into the importance of agriculture in Idaho or its prolific use in the highways.

I only want to address two of the issues that you requested input on, Senator; allocation of highway costs among the various highway user classes and proposals to change the structure of existing highway usage.

Idaho agriculture supported the creation of the Interstate Highway System, and it supports the continued investment in that system to preserve it. While a great many American interest groups, who make up highway users in total, have a real concern in the conclusions drawn from the cost allocation study, only a relatively few are able to expertly assess either the methodology or the accuracy of the measurements and projections made in the engineering functions included. We don't claim to have that expert knowledge.

But the cost study, Senator, appears to be comprised of both objective facts and subjective interpretation, estimate, and conclusion. One part of the study, accomplished in reference to incremental costs attending highway attributes confirms that heavy vehicles have paid their share of costs under existing use tax formulas. And on the basis of that showing, it would follow that increased funding needs should be levied to highway users by use fees and excise taxes within the existing framework of the existing tax formula.

Department of Transportation, however, incorporated additional factors for consideration in another part of the report. In this procedure AASHO studies of pavement wear and failure under a variety of design standards were a focal point. DOT purposes in this reapproach to cost allocation were to accommodate the change from a highway funding identified with initial construction to one in which repair and resurfacing costs assume the major program expense. In these findings, partly objective and partly subjective, a significant shift in allocation of costs is made. Heavier vehicles were seen to be responsible for a far larger proportion of total cost support than they are presently.

An naturally severe criticism has been raised by recognizable but reputable elements involved. There's a claim made that there's an unfair bias against heavy vehicles. And the DOT erred in projecting levels of growth in truck travel and that shifts away from incremental costs are wrong. Now, the crux of the contest swings on whether time, climate, chemicals, and vehicle miles regardless of the weight of the vehicle as a group, or heavy vehicle axle loadings are the chief cause of pavement wear and highway deterioration. These issues are well suited to specific scientific analysis and measurement and should be addressed in that context of resolution. We can't comment on it beyond that. We've heard from several of the State highway officials that adequate research perhaps does exist. Apparently DOT has not found it or reflected it in their study.

It's the position of Idaho agriculture that the support of our highway system is essential and that each class of highway user should contribute its fair share of the needed revenue. And this is seen to take in all costs directly and precisely attributable to each vehicle class and their proper share of program expense which remains as a residual. And I guess I had better qualify that as far as a proportion to the amount of highway usage made to take care of some mileage on farm trucks.

It's our position also that the Federal highway taxing programs must not be made an instrument of social or political pressures to in any way alter the attractiveness of the offerings of railroads versus highway carriers. An improper tax burden on heavy trucks must not be seen as a means of repairing the fortunes of ailing railroads. Such an artificial economic force must not be put into play in our highway tax or our waterway user tax structures. All vehicle classes must assume their full tax responsibility, but it must be accurately and fairly measured.

Aside to that point, I work in freight rates as you know, Senator. And since the staggers and all the economic deregulation, we are left with only one thing to regulate transportation costs. Competition. If you lessen the effects or the amount of competition between highway carriage and rail carriage, we have no regulator. We have no effective regulator. Agriculture needs effective competition between both modes. We don't think that taxes for any reason should be made part of an artificial part of that balance.

For many years antagonistic groups have urged that trucks were provided with a right-of-way subsidy because they were undertaxed. These forces made the same advocacy with respect shallow draft waterway user tax proposals. And those attitude campaigns have been conducted so long that much opinion shaping has taken place. Congress must make absolutely certain that subliminal recall of antitruck and antiwaterway claims do not shape the subjective parts of the cost allocation report. We think that's important.

Idaho agricultural interests urge each class of highway and waterway user be burdened only with its precise and proper measure of tax support, that this be enunciated as the national transportation tax policy and that the new highway cost allocation study be impartially reviewed to make certain that it achieves those ends. Thank you, Mr. Senator.

Senator SYMMS. Thank you very much for a good statement. I appreciate that. Buzz Durant.

STATEMENT OF X. E. DURANT, IDAHO ASSOCIATION OF COUNTIES

Mr. DURANT. Senator Symms, I'm here representing the Idaho Association of Counties. Our association has a meeting on August 25 in Boise with the Idaho Department of Transportation and county, city, and highway district representation. Various proposals to raise revenue were discussed. This is basically on the State level, which also carries over into the Federal end of it. But they came up with the fairest way to do it would be an increase in fuel taxes.

Senator SYMMS. This is county's?

Mr. DURANT. This is county's and city's and whatnot. This particular meeting was on the State level.

Senator SYMMS. Do you drive a diesel car by any chance?

Mr. DURANT. I have both gas and diesel.

Senator SYMMS. Could you help me a little bit. What would be a fair answer to that if somebody came up with an idea that they were going to raise it a little—make a price differential? What about if people own a diesel and a gas car?

Mr. DURANT. Well, I do get quite a bit more mileage on my diesel than I do on the gas. And I have two comparable cars. I've got a Tornado and a Cadillac. And the Cadillac is a diesel. I get roughly 17 miles to the gallon out of the Tornado on gas. I average 25 miles to the gallon on the diesel. As far as driving, I'd sooner drive the gas. But costwise, I drive the diesel four times the other one. So a little added tax on the diesel wouldn't keep me from driving the diesel car.

But their consensus was that the extra gas tax was the way to go on this thing. They also came to the conclusion that trucks weren't paying their fair share of the taxes on the road system. That was the main thing that they came up with; that they would sooner see the increase for the roads go on the gas tax or the fuel tax.

Just to add a little bit of the problems we're having with the counties, and I'll use my own county as an example. And we do have a unique problem up here. I have a little chart here that I had made up yesterday. And of course, you know we're under the 1 percent initiative, so we can't raise our taxes. We've been getting a 5 percent increase. Our cost of road maintenance increased 50 percent in the last 4 years. But just in our forest reserve funds alone, which we are a timber county. This is Clearwater County. Our total road revenue through reforestation, highway users, forest reserves, and our tax base and fees for our road department in 1979 was $832,000, 1980 it was $512,000, 1981, $621,000, 1982 because of the economy and the timber cut our revenue was reduced to $256,000.

Senator SYMMS. What's that from the highest one? What was it?

Mr. DURANT. 832,000 in 1979.

Senator SYMMS. You're back to——

Mr. DURANT. 256,000 this next year.

Senator SYMMS. For county highway funds?

Mr. DURANT. That's right. And our forest reserve funds have decreased that much. So we're all going to be in a bind in our particular county in this northern area that are just not going to have money enough to maintain our roads. By the time we plow the snow and whatnot, we're just out of business.

Now, some of the other counties have a different problem. And their revenues haven't been cut as much. So we need something that's going to replace some of these revenues. And, of course, a lot of this is going to be on a local basis or on a State level basis. We can't expect the Federal Government to take care of our individual problems. But we do have the 1 percent initiative that passed that has absolutely got us——

Senator SYMMS. Up against the wall?

Mr. DURANT. Up against the wall right now. We're going to be out of luck. We've had enough money to do it so far. But after this year, we're dead in the water as far as road construction is concerned.

Senator SYMMS. Well, it may be as tough as this is that the 1-percent initiative will end up making a more equitable system because we're going to have to go to a user's fee to get that done. And I don't know how we're going to do it.

Jerome Nicholls, Spokane County Engineer.

STATEMENT OF JEROME J. NICHOLLS, SPOKANE COUNTY ENGINEER

Mr. NICHOLLS. Good afternoon. My name is Jerry Nicholls. And I'm from Spokane County, Wash. I welcome the opportunity to briefly speak before the transportation subcommittee and give testimony concerning our counties' needs and, in particular, the needs of Spokane County.

This country has committed itself to a transportation system which is second to none. We can drive the entire expanse of the continent, ocean to ocean, without a traffic light. In that fact, I commend you and the rest of your colleagues for your foresightedness and support over the many years it has taken to realize this system.

When one hears the words "the country's transportation system" a vivid picture appears in the mind of a six-lane, lighted freeway with several automobiles, a semitruck and perhaps a bus all passing under a very modern bridge. And from that picture, it appears that everything is OK and the system is working like a well-oiled machine. But the system is only as good as its weakest link and should be examined from that standpoint.

The questions we should ask ourselves should include: Where do these people come from? And how do they get to the freeways? The answer, of course, is from the local urban and rural road systems which are also an important part of our great American transportation system. In Washington State alone, cities and counties have 51,500 miles of local streets and roads under their jurisdiction which is seven and a half times the State highway mileage.

Whether that truck we saw on the freeway was hauling timber from Mount Spokane or wheat from the Palouse Country, the journey to market typically starts—started on some dusty, narrow, country road, across an obsolete timber bridge with a posted limit because replacement funds were not available; down an inadequately maintained county arterial, typically paved with a light-duty pavement with substandard vertical and horizontal curves to make the connection with the State highway. Without this local road connection, the journey to market and the freeway could never begin.

We believe that the local road system does have national significance because it is a vital link in the overall national transportation system. It provides more than direct access to the—provides more direct access to the adjoining lands and the people than any of the other parts of the transportation system. It should have a national concern because it is rapidly becoming another weak link in the total transportation system.

In Spokane County, we find we are requiring the roads to do more and more with less and less. The railroads have cut the number of grain sidings available to the farmer, causing longer trips on rural roads to the grain deposits. Allowable truck weights have increased twice in the last 6 years. Each year, more and more free-spirited Americans are moving to the country and—to the county and demanding the same services they once had in the cities and putting more and more stress on our county road system.

In a study recently completed for all Washington County roads, the results were rather startling in terms of short-range needs and projected revenue shortfalls. These aren't the long-range type studies—projections that the numbers people can easily manipulate to obtain the desired results. These are figures that represent our present situation. They are what is now happening in the real world and will happen for the next couple of years. In Spokane County, in the 1983–84 biennium, our essential maintenance needs are $37 million, construction needs are $23 million, and administration costs $3 million. With a projected revenue of only $28 million, the shortfall for the 1983–84 biennium is $35 million for Spokane County alone and a projected $538 million for all of the 39 counties of the State of Washington. Further down the road, the 1985–86 biennium and the 1987–88 biennium shows even larger shortfalls.

This year, 1982, our county road capital improvement program represents 49 percent of the total budget. In the 1983–88 6-year capital improvement program, due to continual escalation of maintenance costs, the capital improvement program drops from 42 percent in 1983 to 20 percent in 1988. Future year projections will totally wipe out the capital improvement program. Obviously, this cannot be allowed to happen as we all need to work together to make sure that it doesn't become a reality.

The transportation system has always been a program where the user is paying the cost. But the cost has risen sharply in recent years. Combined—combining these increased costs with the drop in revenue due to more fuel-efficient automobiles and higher fuel prices leaves our county in a position where major capital improvements are deferred. Some maintenance is also being deferred which on a short-term basis channels additional funds into the capital improvement program. Deferring maintenance 1 or 2 years may not harm the system, but if significant attention is not given to the system soon, there will be a major loss to the capital investment of our roads. This will significantly affect the mobility of our country.

The user-fee concept is good but only as long as the user is paying his fair share. For any Federal-aid program to exist, additional user fees must be obtained by increasing the Federal fuel tax to the level needed to fund the current needs of the program. We have supported in the past and will support in the future an increase in the Federal fuel tax. However, we cannot overemphasize the fact that local streets and road capital improvement programs are in serious trouble and need to receive their fair share of any future Federal funding programs.

Through your previous efforts, the American people have invested billions of dollars into our transportation system. And now through your efforts, the future success or failure of that tremendous capital improvement will be determined. Please don't forget that the local road—local streets and roads system is an essential link in the total transportation system, deserving national attention in that regard and must be considered in your future funding program.

Thank you very much for allowing me to talk on this important subject.

Senator SYMMS. Thank you very much. And thank all of you. Bob, I suppose that you and I both have a bias in favor of trucks just from the nature of the agricultural interests that we've grown up with and realize that agriculture thrives on farmer market roads and the use of efficient systems. Scott Coulter from Oregon testified this morning, and he used a figure of 16 cars to one 80,000-pound truck to have the same impact on a road. AASHO testified to the figure of 9,600 to 1. Which is closer to the truth? That's such a vast difference.

Mr. HENRY. It's such a vast difference. But like I remarked, this is subject to scientific measurement and shouldn't be subjective opinion. I think probably there has been research done on it.

Senator SYMMS. I didn't mean that it makes 18 times the damage.

Mr. HENRY. I think that we're going to have to take our lumps. Everybody is going to have to pay their fair share. And I think it should be determined scientifically.

Senator SYMMS. The tax exemption for vehicles owned by State and local governments amounts to several million dollars. Do you think we ought to reconsider that in view of what we've just heard about problems of our hard-pressed counties and hard-pressed States?

Mr. HENRY. I'm not an authority on the subject. I noticed the Oregon study last year on their highway responsibility. And I've done some work in connection with this upcoming Idaho legislation. There are a surprising number of Federal, county, and political subdivision vehicles running with no registration and not even paying fuel tax, paying nothing at the State level; I think each class of usage should pay its fair share.

Senator SYMMS. Do you want to comment on that, Buzz?

Mr. DURANT. Well, of course, the individual taxpayers are going to pay the bill. It doesn't make any difference how you do it. And, of course, in our particular area in the size county I'm from, we use our city vehicles within the city and our county as—basically, all the county vehicles we got are road maintenance vehicles. And, of course, there may be some other applications. But where you add the tax to them, the county citizen is going to pay that tax. It doesn't make any difference how you do it.

Senator SYMMS. Jerome, do you think the lighter trucks are paying their fair share or more than their fair share?

Mr. NICHOLLS. Are you saying the pickup trucks?

Senator SYMMS. Pickup trucks and light trucks. The DOT studies show that they were paying more than their fair share.

Mr. NICHOLLS. I would say that because of the reduced gas mileage and they really don't——

Senator SYMMS. The heavy trucks are paying less?

Mr. NICHOLLS. Yes.

Senator SYMMS. I don't know if the pickup trucks are included in that.

Mr. NICHOLLS. I would say they're paying their fair share.

Senator SYMMS. It's not the pickups. It's the size used mostly by the farmers, 10 ton or so. And delivery trucks that weigh somewhat more.

Mr. NICHOLLS. I haven't really studied that, Senator. So I really couldn't answer that.

Senator SYMMS. Here's one question that might be interesting to have on the record. You might want to render an opinion on it. This question of pavement deterioration. It seems the system has worked to encourage States to go for construction projects as opposed to maintenance projects. Are we heading in the right direction by trying to reemphasize reconstruction and maintenance more with the highway program so there won't be any incentive out there for the State to do this. Tim Wilson testified to that and that the truck boys are now being asked to pay for maintenance. Do you want to comment on that, Bob? Do you understand what my question is?

Mr. HENRY. I understand your question, yes. I think we're making a shift anyway. We have a crisis in our highways. We're going to have to resurface and repair them. I think that perhaps the best handling of that might be done through an investment of the Federal-State share to make it less attractive.

Senator SYMMS. So, in other words, if we have an equal amount of attractiveness they will go out and resurface the road and maintain it?

Mr. HENRY. Perhaps if you carry that one step further, it's to take off the Federal conditions about the way the funds are spent and put it into the hands of the State departments.

Senator SYMMS. OK. Thank you all very much. I appreciate your testimony. Stan Miller, I understand you have to catch a plane. Let's have the entire panel come on up and we'll let Stan testify first. Then if he has to drive home or leave early, he can leave. We're not going to admit that the American Automobile Association travels any way but by car.

Mr. MILLER. That's right.

Senator SYMMS. We're got Dan Knieren, K-N-I-E-R-E-N, Walter Jones, and Monte Geiger. Stan, we'll hear from you first.

STATEMENT OF STAN MILLER, AMERICAN AUTOMOBILE ASSOCIATION

Mr. MILLER. Thank you very much, Senator. I just wanted to make sure I was not late for my next appointment in Moscow. And I have to be there about 1:30. So I do have time. I do want to express the American Automobile Association's gratitude for your having this hearing here today. It does give us an opportunity, those of us in the

West, to make our comments in regard to the Federal programing as it relates to the highways. I make this presentation on behalf of Dale F Stedman, the president of the Inland Automobile Association. It is an affiliate of the AAA serving some 65,000 motorists in eastern Washington and northern Idaho. The Association does urge Congress to rely upon concepts developed in the Highway Federal Cost Allocation Study in developing the distribution of costs to the various user classes for financing the Federal highway system.

We believe equity in cost distribution is desirable. And it is achievable. It is achievable if a method of arriving at cost responsibility follows the methodology incorporated in the recently released congressionally mandated study. We believe the improvements in this new method are sufficiently superior to the traditional incremental methods that it should be adopted at its most earliest possible time.

We believe the fee structures developed to assure that each user class meets its determined cost responsbility should include provisions which will require significantly increased tax liabilities as weights increase. We believe it is obvious that vehicle classes that demand higher cost highways and bridges, and in turn have great impact on the rate of deterioration should pay their proportionate cost of the building and maintenance of our important highway system.

We urge the committee and Congress to move promptly toward the enactment of this new methodology so that changes in the Federal taxing rates can be applied at the earliest possible date.

If I could add to that testimony, Mr. Chairman, that we see this as a very large picture as we look at the entire highway funding and construction program. The puzzles to this picture are very complex as one begins to look very deeply into it. It is often very difficult to point fingers at your friends and other highway users. I have not seen a copy of the General Accounting Office's study, which says that heavy trucks are a burden we can no longer afford. I heard some numbers that came out of that study where it said that one 80,000 pound truck is equivalent to about 10 average automobiles of the larger size. But the damage to the highway is several thousand times greater. Those numbers are in that GAO study. I would direct your attention to those studies. We have not seen that.

Senator Symms. Would you agree that that's accurate?

Mr. Miller. That's the Congress' own watchdog. We have no way of verifying or denying that those studies are accurate or inaccurate. But at least they are a study done and mandated by Congress. So if they are accurate, then we must address those in whatever accuracy they have come from. But parts of that puzzle are the increased weights of vehicles on the highway. Under the guides of energy and economy, truck weights are increased substantially across the Nation. And that's an important piece of this puzzle. We think another very important piece of the puzzle is the separation of the highway trust fund from the general budgeting-making process in Washington, D.C. Why should the users pay substantially for highway costs when the moneys that should have gone into hikhway construction and highway within the Federal Government? Social, or whatever they might be. Whatever the amount is—but it's been rumored that somewhere between $9-$11 billion is being held hostage by the Federal Government that probably will not be released because it will have a substantial impact upon the bonding market and the Federal deficit. But those are moneys that should have gone into highway construction and highway maintenance. Another piece of the puzzle is the discussion we're having here today. Cost allocation and tax equity. Who is paying what share? And is it a fair equity? The breakdown is very clear as it comes from the cost allocation study. Again are those believable?

Another important part has been recent changes in the 3R to the 4R program for the Interstate System. I recall several years ago when Governor Metcalf of Montana told the Federal Government he didn't want the Interstate System in the State of Montana because the State could not afford to maintain it. Those words, I think, are now coming back to haunt most States. We do not have the money to maintain the expensive Interstate System the way it was built and designed.

So, again, I think moving to the 4R program and allowing moneys when they are available to be used for maintenance to the Interstate System is extremely important. I think we would ask a question. We keep hearing the question about increased taxes and the deletion of certain taxes to certain users. I think we would ask the question: Would a tax increase at the Federal level be a greater benefit to local streets, roads, and highways than a tax increase at the State level? States have unique tax structures. The State of Washington has one of the unique taxing structures. And we are in a position to tell our State decision markets that we told you so because they tried to create a taxing method in the State of Washington that would respond to inflation. Somebody said that the price of gas would never go down. So in that event, let's put a percentage tax on our gasoline. And we'll always have lots of money. And there were some of us who worked the halls of the Legislature in Olympia that said, no, what if that is not the case? And I think now we are able to say we told you so because the price of gasoline went down. Instead of having a 16-cent gas tax today—and the media chastized everybody for creating a 16-cent gas tax—we have a 12-cent gas tax. So, in fact, we've lost money. So I think the States have to take upon their own shoulders a great responsibility.

Senator SYMMS. Are you saying you think the States can do it better than the Federal Government to raise the tax?

Mr. MILLER. Yes, I think they can. I think the argument is why should we send money to Washington, D.C., and let it get hung up in the bureaucracy of the Department of Transportation and then have the strings attached to how you will use the funds. I think we have all the expertise in our respective department of transportation to tax ourselves and allocate those moneys to important projects.

Senator SYMMS. So you prefer to do that rather than to do anything about increasing——

Mr. MILLER. Yes, I think that's true.

Senator SYMMS. One of the things we got on the Federal Tax Code in the last 2 years was to index taxes so that when people get cost of living increases, they're not going to be pushed in a higher tax bracket only progressing income tax. Something that I think is fair to working people. And it should be done. But we have for years had what they call bracket creep where people keep getting pushed into a higher tax bracket. With respect to the gasoline tax, it has been just the opposite. It has been indexed in retrograde, so to speak, so that every time we've had monetary inflation we get less miles of road built as a result of rising costs. As a result of that monetary inflation, we have protected the guy that's buying gas in the car. And he hasn't gotten that gasoline tax. You'd agree with that, wouldn't you?

Mr. MILLER. About indexing gasoline taxes?

Senator SYMMS. Well, I mean it's been indexed in the opposite so the maintenance crew has been denied the opportunity to get their share of the transportation costs because of the fact that Congress didn't keep up with it or the State legislatures didn't keep up with it. They've improved it.

Mr. MILLER. We have adopted a policy. And we think we're very accurate in adopting the policy that if the case is proven to the taxpayer that additional taxes are to be imposed, a few taxpayers will object to it. We've seen that in the State of Washington when we've increased the gas tax by pennies per gallon. When the case was made and it was accurate and they knew that the moneys were going to go back into the highways, none, what we call the paying group, objected to a reasonable tax increase.

Indexing taxes—there particularly is a relation to the gasoline tax and many of these things has not—the case has not really been proven. Well, we have a motor vehicle excise tax in the State of Washington. And as the price of automobiles goes higher, the higher your motor vehicle excise tax goes without any reasonable means or without any rationale that a higher tax is necessary. The tax just automatically goes up. And we've found—and I think it's very accurate—that if the money is available for the spenders to spend, they'll spend every dime there is. They don't have to ask for it. They don't have to justify it. Inflation goes up at the same rate that the indexing goes up. But if they have to come back and ask for that, we find that the costs are reasonable. And I can use a case in point. Highway construction right now is getting some of the best bids that they've ever seen because they know the money is not there. The contractors are now coming in. And they're sharpening their pencils. And many of the bids that are coming in are coming in well under estimate in the State of Washington. So we say if they have to justify their costs, the moneys will be more wisely spent. But to just guarantee them that there's always money there through an indexing process we don't think that's right.

Senator SYMMS. Thank you very much. That's an excellent statement. We'll let you go.

Mr. MILLER. Thank you very much.

Senator SYMMS. Next is Monte Geiger from AGC Inland Empire Chapter.

STATEMENT OF MONTE GEIGER, INLAND EMPIRE CHAPTER, ASSOCIATED GENERAL CONTRACTORS

Mr. GEIGER. Thank you, Senator. I'm here representing the Inland Empire Chapter of the AGC in my capacity on staff there. And we would certainly like to commend the Transportation Subcommittee of the Senate Environment and Public Works Committee to schedule these hearings so you can get the grassroots input in this very vital concern of existing highway revenues and the real needs that exist. And one of the things that's either a benefit or a deterrent in being later on in the program, you get to paraphrase your presentation and pick out those points that you think should be reemphasized to the committee. And we have submitted copies of a written statement.

But before I get into what the local needs are—and that's the area that I'm going to be specifically addressing—I would like to take this opportunity to say that if we do not do something on the national level to increase or extend the existing highway program today, we're going to be in worse shape in the future. What we need is an extension of the highway program at the Federal level for 1 year. And we urge you, Congress, to act immediately to bring forth a measure that is limited to providing the necessary authorizations and approvals required to insure the continuation of the highway safety and public transportation programs through fiscal year 1983. We do not support including in such a measure this year and of the many policy issues contained in the latest House legislation, such as, proposals to change the Interstate 4R, the primary system apportionment formulas, truck size, weight provisions, and other major restructure of the public transportation programs.

We favor deferring all those issues until 1983 when hopefully you can gather and take all of this information that you've been receiving here today and other hearings and use that information so that you can develop a multiyear purpose transportation measure that's based upon the needs and the vital need of increasing revenues. Including all of those issues into a 1-year program, such as the discussions you're having here today, you can see what the possibility is you'd never get a program past the October 1 deadline. One of the things that I'd like to address is that I don't believe that any responsible State highway official in the States that I know of or at the local level, city or county, would deliberately let a road system deteriorate to a point where it would create a hazard just so that they could get funds for it. I find that hard to believe from the people that I know. One of the things I think we have to address is that we are in a very, very severe economic condition today. One of the quickest ways to improve that economic situation, reduce the unemployment, is through the construction industry, providing the needed revenues to do that. All we have to do is take a look at eastern Washington, the area that I work in. We've got 12.4-percent unemployment. You can go in parts of northern Idaho, and you can run the gamut from 25 to 50 percent. Some of those needed projects can reduce that unemployment in those areas where there is a specific need to improve the system.

In eastern Washington and northern Idaho in districts 2, 5, and 6—that's Yakima, Wenatchee, and Spokane—the needs—and I guess you could call these a wish list by the engineers in those districts—for the next 6 years, resurfacing, reconstruction, bridges, safety improvements, and so forth. All of those things which we feel are necessary to provide a safe transportation system totals $357 million. Vital work on noninterstate systems, the farm to market road, and so forth, is about $88 million. There is a concern that many of these projects will not be built because of lack of revenue. Lack at both the State level and at the national level. Northern Idaho needs just $126 million alone to finish the three steps existing on the I–20 system. And more than

50 percent of this cost has been as a result of concerned groups and special interest groups delaying what I consider prudently designed road systems to the interstate standards and trying to address all of the concerns of the people in that area. And yet the systems are not finished. There is a concern at the Idaho level that if these gaps are not finished, they're not going to have enough money no matter how much money is allocated at the Federal level to finish them.

We think it's time that these gaps be completed. They have been hashed over long enough so that all users of the Interstate System can avail themselves of safer and uninterrupted travel. Northern Idaho has a problem with deficient and obsolete bridges. Estimated costs in the two northern Idaho highway districts alone is $91 million for efficient bridges. Plus another $58 million is needed to replace obsolete bridges. And yet the amount of money that they have to replace bridges in those two districts for the next 6 years is only $20 million. We're getting further and further behind.

What's the solution? Well, the solution is very simple, we believe. And we urge—I guess after listening to all of the comments today—is that keep whatever you do at the national level simple. Don't make it complex because the further complex it is, it just filters on down. We support the Secretary of Transportation, Drew Lewis, to increase the user fees by the equivalent of 5 or 6 cents. And yet there's a great deal of concern that all this is is a stopgap measure and that there will not be sufficient enough money to do the job in the future. In addition to that, we support reducing the cash balance in the highway trust fund down to a sufficient dollar amount to take care of normal needs, $2 to $3 billion, discontinue obligation limitations, and extend the highway trust fund in 1983 and remove it from the unified budget. We also believe and support that all types of energy used to propel vehicles on roads—and I don't care if it's potato juice or pineapple juice—should be subject to user fees so that they can all pay their fair share. Thank you very much.

Senator SYMMS. Thank you very much. In other words, you're saying there shouldn't be a gasohol exemption?

Mr. GEIGER. Yes.

Senator SYMMS. Before you start, Walter, the Chair wants to announce that the hearing record will be kept open for 2 weeks. If there are people who wish to submit testimony we will be happy to have it. It will be submitted to the record. Now we'll hear from the Consulting Engineers of Idaho, Walter Jones.

STATEMENT OF WALTER V. JONES, THE CONSULTING ENGINEERS OF IDAHO

Mr. JONES. Mr. Chairman, my name is Walter Jones. And I am the principal of Northern Testing Laboratories, a consulting engineering firm in Boise, Idaho, and the recent past president of the Consulting Engineers of Idaho. Also, we're a member of the Organization of the American Consulting Engineers Council, ACEC. And on behalf of both ACEC and the Consulting Engineers of Idaho, I am happy to be here to testify today.

The Consulting Engineers of Idaho represents 45 firms employing about 630 individuals, many of whom are involved in highway engineering projects.

The American Consulting Engineers Council consists of over 3,800 independent engineering firms in private practice representing 110,000 professional, technical, and support persons.

As a profession, we have designed the majority of the Nation's bridges, about half of the Interstate System, and large portions of the secondary, primary, and urban systems.

I'd like to elaborate briefly on just three of the points that are in the statement, Mr. Chairman, and take any questions. The first point involves highway funding basically in the need to inflation proof the Trust Fund financial system. Taxes measured in fixed rates such as a cents per gallon tax which finances the highway trust fund do not respond to inflation as you well know. They do not grow. And the effect in the long run is to decrease purchasing power. The highway trust fund over the years simply by being a fixed rate that never changes has lost purchasing power and is much, much less than it used to be 20 years ago when the 4 cents per gallon was established. It is very important to reestablish the purchasing power to what it used to be.

ACEC supports what we call, for lack of a better term, increase in the fuel tax. And it should be restructured in a way that it does not lose value continually to inflation. The net effect of this past 20 years of inflation is equivalent to a decrease of 12 cents per gallon on our gas price in terms of 1982 dollars. And we all know that instead of that it's gone up almost 10 times. Engineering research studies on preventive maintenance have determined that maintenance provided at a certain level of highway wear can result in one dollar road improvements for each dollar spent on maintenance. However, if the maintenance is delayed until the road receives only 10 to 12 percent more use in the critical part of its life, the cost jumps to between $4 to $5 of maintenance for each dollar's improvement. Therefore, proper timing of maintenance is extremely important to get the most value of our money spent.

We've included a graph to show this concept and request that it be included in the official record.

Senator SYMMS. Your entire statement and the graph will be part of our record.

Mr. JONES. Thank you. If increased revenues are not found to correct the current priority needs, we will soon face road construction costs four to five times greater than simple maintenance levels we expended are now. Currently due to loss of trust fund purchasing power, moneys needed for preventive maintenance are not available because reconstruction of the priority projects is taking most of the funds. We must save our pavements by timely maintenance before they reach a condition requiring the cost of reconstruction.

My second point is the need for Congress to develop a long-term plan coupled with stable financing to correct the Nation's crumbling highway system. ACEC commends the subcommittee's introduction of S. 2574. Although multiyear funding is presented in the present bill, it appears unlikely this year that a good blueprint for the 98th Congress to work in the developing of our legislation to address the changing needs and priorities of our highway network.

ACEC supports the methodology and recommendation to the highway cost allocation study currently being reviewed by your committee. When the massive task of developing a Federal Interstate System was initially enacted, the focus was on construction. Now that more than 95 percent of the Interstate System is complete, the focus must be on maintenance of our trillion dollar Federal highway investment. The highway cost allocation study properly shifts the burden of user costs from incremental to casual costs, which ACEC believes is a more equitable method of assessing these responsibilities.

Although my firm has not been involved in studies which specifically measure the ratio of axle weight to road deterioration, I would like also at this time to submit for inclusion into the official record written comments submitted to the Federal Highway Administration in October 1980, by my colleague and former chairman of the ACEC Transportation Committee, Bob McFarlin; wherein he explains the fatigue factor of axle weight on road pavement. Without taking the time to reiterate his comments, I would just——

Senator SYMMS. Without objection, that will be part of the record.

Mr. JONES. I'd just like to say that I and ACEC concur with his findings which indicate that the vastly different effect on road and bridge surfaces of heavy axles compared to lighter ones.

By adjusting this inequity among the user classes, Congress would set an important precedence that would reaffirm its policy that those who use the roads pay for the roads. This brings me to my last point.

ACEC supports a gradual phasing out of the Federal role in secondary and urban programs. An effective partnership among Federal, State, and local government entities is necessary and can be achieved through Federal deregulation and through delegating greater flexibility and responsibility to State and local governments in the decisionmaking process. But in order to make the partnership work, the Federal Government must take some preliminary measures. It must develop a long-term highway needs program coupled with stable and adequate funding to correct the current absorbent highway costs resulting from the 20-year decline in purchasing power of the trust fund gas tax. In addition, it must set a precedent to States and local governments and the taxpayers of reaffirming the policy of users pay. A major educational program is necessary to inform the taxpayers of our Nation's decaying highway structure. Persons and businesses such as consulting engineers directly involved in the reconstruction and the maintenance of highway systems are aware of the dire need to quickly step off the cost reconstruction treadmill, which we're currently on, and take corrective steps to insure that the majority of the highway needs, if not all, are corrected in timely, efficient, and cost effective maintenance levels.

During this past year, my firm has worked with Ada County to help address its county road needs. It was determined that 100 miles of roads per year need to receive some form of preventive maintenance to properly maintain the road structures at the least cost to the taxpayers. Our studies showed that the county taxpayers could receive the $1 benefit for the $1 spent on preventive maintenance previously mentioned. Maintenance would involve such projects as chip sealing, overlaying, and other action to prevent moisture seepage into subgrade and to strengthen capacity of the pavement systems for the more and frequent and heavier loads.

Ada County's fiscal year 1983 budget was able to provide financing for only 30 miles of that desired 100 miles of road. County commissioners projected an additional $2.5 million per year was required for preventive maintenance.

They decided to seek additional financing needed for program maintenance, rather than do nothing now but pay more in the future for more costly reconstruction. They launched a campaign to support an override levy to raise the $2.5 million necessary through a property tax increase. However, voters soundly defeated the override levy in June. Many involved in the project, as well as myself, feel that their intention was right and the public education campaign was effective in presenting the highway revenue needs to the taxpayers, but the concept of users pay was not applied, and this contributed heavily to the levy's defeat. A similar situation occurred in Pocatello.

Many State and local government entities are aware of the need for long-term planning and increased funding for highway programs. All say they are willing to assume the responsibility of raising the needed revenues. But they cannot accomplish these projects without a commitment from Congress that partnership measures will be taken on a Federal level to maintain our Nation's highway system in a cost effective manner.

Again, I'd like to thank you for the opportunity to speak on behalf of ACEC and CEI.

Senator SYMM. Thank you very much. Let me ask you a quick question that's on my mind. You said that you suggest a supported graddual phase out of the Federal role in secondary and urban highway programs. But you're talking about over what, a 2 year, 5 year, 10 year phase out?

Mr. JONES. I haven't really thought of a time period and the highway leaders here today could probably answer that better. I would like to see something that begins immediately with drop of restrictions on the kinds of geometrics and some of those things that can be better determined at a local level to start on transferring the fundings so it's more a local level over the next 5 years, something like that.

Senator SYMMS. Thank you very much. Dan.

STATEMENT OF DANIEL KNIEREN, FRIENDS OF THE EARTH

Mr. KNIEREN. Thank you. My name is Daniel Knieren. I'm here representing the Eastern Washington, Northern Idaho Branch of Friends of the Earth. I'd like to thank you for this opportunity to explain my views on the Federal highway cost allocation study and related issues in funding for the highway maintenance and construction. I appreciate your taking the time and trouble to come out here and make it possible for myself and others to speak to you.

My remarks today concern two topics related to the Federal highway system. First of all, the allocation of highway maintenance costs.

Highway maintenance costs are an increasing fraction of highway costs as a Federal highway system nears completion. We believe that maintenance costs should be paid by the users and that fees for user classes should be enforced to the damage caused by a type of vehicle. The American Association of State Highway and Transportation Officials showed that pavement damage increases with axle weight. AASHIO figures which are from scientific research show that a single five-axle 80,000-pound truck does about as much damage to a road surface as 9,600 passenger automobiles. The recent Federal cost allocation study shows that heavy trucks, especially combination trucks, over 50,000 pounds are not paying their share of costs for maintenance. The study also concluded that the fairest way to assess fees on trucks would be proportional to damage incurred, i.e., according to the weight, number of axles, and distance traveled. These results are substantially corroborated by studies done by several States across the country.

Now, alternative 3 would be a great improvement on the current method of allocating maintenance costs. Especially if we would encourage State participation in the collection of truck use or axle weight taxes. However, we would recommend rather that axle weight distance fees be collected because we do believe they're the fairest and the most equitable way to distribute maintenance costs. Several States do currently collect such fees without excessive administrative difficulties. If enforcement is not sufficient, it can be improved. Many other States have reporting systems for fuel taxes which could be adapted to a weight axle distance formula with minor changes. We recommend that an axle weight distance fee for heavy trucks be adopted, to be reported and collected by the States.

The impact on cost to the trucking industry was estimated at about 2 percent of the current costs. And, of course, these costs would be passed on to the consumer. But it doesn't matter how they collect it because a fair way of collecting a tax would encourage more efficient use of the highways. We also believe that fees collected for maintenance should be reserved for maintenance and not diverted to construction.

The other topic I'd like to comment on is priority on further highway construction for the completion of Federal highway systems. The completion of remaining portions of the Federal highway system which connect principal cities and industrial centers and which significantly improved interstate travel would greatly improve our national transportation system. However, several of the most expensive planned segments remaining—currently planned for the system are not of national significance. None of the 10 most expensive uncompleted segments were considered to be of national importance by the Congressional Budget Office. They would improve local conditions but only marginally improve interstate travel. Projects like West Way, I 478 New York and the Blue Rock Pennsylvania I 476 would cost over $280 million per mile. We feel that Federal funding for such projects should be reduced and highway funds be used on projects of greater need. That's the extent of my comments.

Senators SYMMS. Thank you very much, all of you, for your testimony. I wanted to go back to one point that Monte made. I appreciate that you brought it up. There was a reference made here earlier that due to the formula fundings, there had been incentives for State highway departments all across the United States, not specifically here in the Northwest, but everywhere to work on new construction as opposed to maintenance.

Mr. Geiger. My judgment is that at the county level, city level, and at the State level in Idaho and Washington that the people that are administering those programs in those areas are responsible people. And I don't think that that type of——

Senator Symms. It certainly is a motivation.

Mr. Geiger. In fact, I bet they're spending 40 or 50 percent of the money available now to recondition——

Senator Symms. For maintenance?

Mr. Geiger. The possible outcome is far worse than the chances of getting additional money to build additional roads.

Senator Symms. I appreciate your bringing that up. I just wanted to make that point clear that we didn't want to make any inference that we thought people were willfully wrong. It could be that under certain conditions somebody can say the best thing we could do with the taxpayers' money is to build this bridge.

Mr. Geiger. What they may do is take the money from someplace else that they might think is more appropriate to use—usually they're going to correct those deficiencies.

Senator Symms. Right.

Walter, the Federal cost allocation study, you seemed to endorse it. What do you think about that question I earlier asked Bob Henry about the disparity? Dan brought up the fact that it's ninety-six hundred cars, I think, you said——

Mr. Knieren. 9,600.

Senator Symms. Somebody else said it was 16 to 1. And somebody else said it was 4 to 1 as far as equality of damage.

Mr. Jones. One of the alternatives in that study I think addressed that pretty well. The heavier trucks definitely need to be paying more because the heavier trucks are using the highways a lot. But they're also the things that are damaging the highways and causing them to lose their serviceability factor. And according to the study, they're not paying their fair share. One of their alternatives was to get them more into a higher class of paying their fair share.

Senator Symms. Let me ask you this question: The DOT's in Arkansas and Louisiana are asking truckers to use the left lane on certain highways to see what happens. As an engineer's opinion, you think it might make more sense to let everybody with their cars drive in the left lane so they don't have to run along on the bumpy road and let the trucks stay over on the right if they're the ones tearing it up? Would you comment on that. I'd hate to be in Darrell Manning or Scott Coulter's job and try to go out here and tell everybody to drive on the left side of the road after they've been driving on the right side of the road for so many years.

Mr. Jones. You're asking the wrong person. As long as 8 or 10 years ago I was suggesting that in meetings. And everybody was laughing at me.

Senator Symms. Just have them drive on the other side?

Mr. Jones. Change the main traffic so it was wearing out both sides of our freeway instead of one side. I think, Senator Symms, that first of all in our highway system we have to look at the management of that system. Are we getting the very best uses out of it as possible? If we're not, let's get the best use as possible. The second step then is to take the funding that it takes to maintain the system that we've now built. So I've supported putting the traffic on the other side and using the right hand side as a passing lane for 10 years. And I've been getting laughed at ever since I mentioned it.

Senator Symms. Well, now you're talking about moving all the traffic, not just the trucks?

Mr. Jones. And let the passing go on the right side. I think that we don't give the driving public credit for enough sense to think that they can't do that without causing a lot of additional accidents. Same thing with putting all the rest areas so they'll have to pull off the right hand side. I'd like to see them put rest areas between so you pull off the left hand side. One rest area, or, one facility.

Senator Symms. Put it in the center of the freeway?

Mr. Jones. Exactly. I think that the public is smart enough to do that.

Senator Symms. I'll guarantee that we have our problems in this country. But all you have to do is leave the United States and see how lousy people drive in other countries. You thank God to get home. It isn't that we don't have our problems, but we sure are driving more miles with less damage to human life and property than any other place in the world. Some people pay good money to ride on a roller coaster, but all you have to do when you get to Paris is just ride in a taxicab. That's about the cheapest thrill anybody can ever get because these guys drive like wild men. And, by and large, the U.S. people drive pretty well. They are courteous.

Do any of you have any parting shots you wanted to make? We will keep the hearing record open. There will be adequate opportunity for more testimony to be submitted to the committee if there are those that had something they wanted to contribute but didn't feel like saying so. The committee stands adjourned.

[Whereupon at 1:10 p.m., the subcommittee was adjourned to reconvene at the call of the Chair.]

[Statements and other material submitted for the record follow:]

TESTIMONY

on behalf of

THE ASSOCIATION OF IDAHO CITIES

on

HIGHWAY NEEDS

before the

SUBCOMMITTEE ON TRANSPORTATION

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

September 3, 1982

STATEMENT OF

FOR THE

ASSOCIATION OF IDAHO CITIES

SEPTEMBER 3, 1982

Mr. Chairman, I am testifying today on behalf of the 198 incorporated cities of Idaho.

The urban roads system in Idaho contains 3,220 miles of streets. This is about the equivalent of the total mileage included in the Federal Aid Primary System in Idaho.

The past few years have taken their toll on Idaho's urban roads. Increased usage and decreased funding for maintenance have combined to severely weaken the condition of our streets. Over 50-percent of our streets can be classified as being in less than "very good" condition, with about 25-percent being in "fair" to "poor" condition.

This past winter was especially hard on most city streets. Because of local funding problems, maintenance had been deferred in many cities. This lack of adequate maintenance, coupled with the most severe weather conditions in at least thirty years, caused almost complete destruction of many local streets.

The problem was further compounded by many cities being forced to finance snow removal with money that had been previously budgeted for maintenance.

The resources for financing city street work are becoming increasingly limited in Idaho. Up until 1978, cities were authorized an unlimited property tax levy for street work. However, in 1978 a strict limitation was placed on the property taxing authority of our cities and, as a result, we have been forced to look for other sources.

There have been strong indications in Idaho recently that residents believe that highway users, as opposed to general tax payers, should pay for the cost of constructing and maintaining local roads. Earlier this year in both Pocatello and Ada County, voters overwhelmingly defeated ballot questions which would have increased local property taxes to pay for needed street work. In both instances, the elections were held well after it was apparent that the winter weather had heavily damaged local roads.

There has, however, been broad acceptance for increasing highway user charges to pay for such work. The assumption being, of course, that those who make the most use of the public road system should be those who pay the greatest share of cost burden.

Although all governmental entities that operate road systems have been impacted by the economy, the impact upon cities has probably been more severe than on either the state or other local units of government.

Unlike most other units of government, cities are heavily dependent upon the money market to finance needed street projects. Most larger construction and maintenance projects in cities are financed either through general obligation bonds or local improvement districts.

As interest rates for municipal bonds have increased from a level of 5 or 6 percent to 12 or 13 percent, cities have found their limited funding for street work to be further eroded. With more and more of the total cost of a project going to meet interest costs, the amount of funding left for actual construction has additionally decreased.

As you can see, our city street systems have been especially hard hit by the economy, tax limitations and the weather.

There are two items that need to be considered in any proposed revisions to the present user cost allocation formula. The first is that the heavier the vehicle and the greater the weight concentration, the greater the wear on the road. The second is that the increased use of diesel engines in passenger cars has meant that many car owners are paying substantially less in use taxes per mile than they have previously.

In reviewing the three alternative cost allocation proposals which you have distributed, the third alternative does the best job of meeting those criteria.

Finally, a word on the distribution of federal highway user revenues for urban mass transit systems.

Idaho, as you well know, is largely a rural state. Because of that, we feel very strongly that the limited amount of Federal Urban Aid money that is available on the national level should be spread across to as many cities as possible, rather than being allocated to a relatively few large cities.

We understand that there have been discussions concerning the possible use of federal aid funds for mass transit purposes. This proposal has a great deal of merit, since it is a well established fact that any local transit system will require governmental subsidies if it is to succeed. At the same time, however, there is one important point that needs to be considered.

If Federal Aid funds are set aside for mass transit purposes, they should be made available for not only cpaital expenditures, but for operating subsidies as well. If such funds are restricted to capital improvements only, a few of the larger cities with new subway or rapid transit projects will undoubtedly receive nearly all of those funds.

If, on the other hand, such funds are also made available for operating subsidies, then a city such as Lewiston will have the ability to obtain funding to assist in the operation of a local bus system.

Thank you for inviting our association to testify today on behalf of the cities of Idaho. Your interest in the funding of highway construction and maintenance projects is very much appreciated.

TAXES	CURRENT LAW	ALTERNATIVE 1	ALTERNATIVE 2	ALTERNATIVE 3
Gasoline	$.04/gal.	$ .08/gal.	$ .06/gal.*	$ .09/gal.
Diesel	.04/gal.	.08/gal.	.06/gal.*	.13/gal.
Tires	.0975/lb.	<100 lb.-$.125/lb. >100 lb.-.25/lb.	>50 lb.-.15/lb.	>50-100 lb. - .12/lb. >100 lb. - .25/lb.
Tread Rubber	.05/lb.	$ .25/lb.	.075/lb.	.25/lb.
Inner Tubes	.10/lb.	.10/lb.	0	0
Oil	.06/gal.	.06/gal.	.09 gal.	0
Truck Parts	8% price	12% (trucks>33K lbs.)	10% (trucks >10K lbs.)	8% (trucks >33K lbs.)
Truck Sales	10% on price	12% (trucks > 33K lbs.)	10% on price	8% (trucks >33K lbs.)
Use Tax	$3/1,000 lbs. (>26K lbs.)	26-33Klbs.-$3/K 33-50K lbs.-$6/K 50-55K lbs.-$9/K 55-60K lbs.-$9/K 60-65K lbs.-$15/K 65-70K lbs.-$17.50/K 70-75K lbs.-$20/K >75K lbs.-$22/K	$6/1,000 lbs. (trucks >26K lbs.)	** Single Axles: ≥9-11K lbs.-$3.70/K lbs. ≥11-13K lbs.-$11.70/Klbs. ≥13-15K lbs.-$17.80/Klbs. ≥15-17K lbs.-$24.30/Klbs. ≥17-19K lbs.-$32.40/Klbs. ≥19K lbs.-$37.20/Klbs. Tandem Axles: ≥17-19K lbs.-$2.10/Klbs. ≥19-21K lbs.-$4.40/Klbs. ≥21-23K lbs.-$6.40/Klbs. ≥23-25K lbs.-$8.30/Klbs. ≥25-27K lbs.-$9.60/Klbs. ≥27-29K lbs.-$11.10/Klbs. ≥29-31K lbs.-$13.20/Klbs. ≥31-33K lbs.-$15.50/Klbs. ≥33K lbs.- $18.20/Klbs.
Total Revenues Raised		$12.7 billion	$9.4 billion ($10.5 billion after FY85)	$12.7 billion

* $.07/gal. after 10/1/85
** Rates shown are for power unit axles. Trailer axle rates are half the power unit rate.

TESTIMONY BY

DARRELL V MANNING
DIRECTOR

IDAHO TRANSPORTATION DEPARTMENT

BEFORE THE

TRANSPORTATION SUBCOMMITTEE

of the

SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE

LEWISTON, IDAHO

SEPTEMBER 3, 1982

Mr. Chairman and Committee Members. I am Darrell V Manning, Director of the Idaho Transportation Department, speaking on behalf of the Idaho Transportation Board and Governor John Evans. I have with me Carl Moore, Chairman of the Idaho Transportation Board. We are pleased that you are holding this hearing in Lewiston, and honored to present our views on the critical transportation issues you have identified.

We share your concerns on the condition and needs of our highway systems and appreciate the problems inherent in establishing an equitable allocation of the costs associated with building and maintaining a viable network of highways. Yet we believe the issues must be faced and resolved in the immediate future if we are to preserve this vital element of our nation's infrastructure. The concept of a revitalized economy is inextricably linked to the safe transport of people, materials and goods on a safe highway system.

Recognizing the urgency of the situation, we offer the following testimony.

(1) Condition of the Federal-aid Highway System and Factors Affecting the Service Life

Condition of the Idaho State Highway System

The Idaho State Highway System is made up of 4,947 miles of highways and streets, of which 27 miles are not on a Federal-aid System. To the 4,920 state Federal-aid miles, add the 3,000 miles of more important city and county roads and streets on the Federal- aid Urban and Secondary Systems and the total Federal-aid System mileage is 7,920. This represents 11.8% of all the public highways and streets in Idaho which form the arterial and collector systems of the state.

Since 1975, declining revenues and increasing costs have caused a significant shift in the highway program from new construction and relocation to maintenance and rehabilition. The percentage of 3R work which was formerly less than 20% of the program increased to 40% in 1981. The new 4R Interstate program combined with more 3R work will further increase the percentage in the future. The use of such materials as concrete and metal reinforcement and quantities of excavation has declined by 56% to 69% in 1981 from the base year of 1975. Asphalt and plantmix declined by 22% to 45% in the same period.

The average life span of Idaho State Highways is fifteen years. In 1977, there were 4,483 lane miles over 15 years old or 40% of the total State Highway System. In 1981, just four years later, there were 5,332 lane miles over 15 years old or 47% of the total State Highway System.

The present serviceability condition of the Idaho State Highway System, as measured by surface distress, shows 729 system miles or 15% of the State Highway System in fair to poor condition and another 1189 miles or 24% of the system approaching fair condition in the next few years. This means 39% of the State Highway System could need resurfacing or reconstruction in the time frame of a six to ten year program. The present annual rate of improvement included in the six year program will accomplish only one-third of the annual pavement rehabilitation needs.

Factors Affecting the Service Life of the System

In 1977, 542 lane-miles were rehabilitated. At that rate, the entire State Highway System could be recycled in 21 years. However, in 1980, there were only 276 lane-miles rehabilitated for a system recycle time of 41 years.

An average of 238 lane-miles are programmed for rehabilitation per year between 1981 and 1987. This represents a cycle time of 47 years for a highway resurfaced today.

Despite several increases in tax per gallon, the annual amount paid in State fuel tax in FY 1981 is only 20 percent more than that paid in FY 1970. Improved fuel efficiency is responsible for offsetting tax increases. Gasoline consumption in Idaho has dropped more than 15% since 1978. Highway maintenance costs for FY 1981 were 150 percent more than in FY 1970.

Many Idaho pavements were constructed 25 to 50 years ago. They were not built to withstand current traffic volumes and loadings. The pavements could last many more years under lighter vehicle loads, but with heavy loadings, they are worn out much earlier. It is for this very reason, urban areas prohibit trucks on most streets.

Newer pavements have been designed for heavier volumes and loadings, but with legislated allowable heavier loads, and increased loads per vehicle resulting from the energy crisis and deregulation, the life of these pavements is being drastically shortened.

To date, there has been no study that has conclusively identified the percentage of pavement failure that can be attributed to either load or to environmental causes. When environmental conditions are favorable, certain damage can be attributed to loadings. When environmental conditions are poor, damage from truck loadings is accelerated. The combined affect of an environmentally weakened pavement (spring and fall conditions) and heavy loadings can devastate a pavement in a very short period.

This situation occurred on U.S. 95 north of Parma, Idaho this past fall and spring. Trucks hauling beets destroyed a weakened pavement in three days. This damage can occur on many highways throughout the State where heavy loads of logs, grain, potatoes, beets and commercial products are carried throughout the year.

A delay of one day in posting a highway for limited loads can cause the destruction of a pavement in a matter of hours. County roads are affected also because local jurisdictions depend on the State to close the arterial and State collector systems which, in effect, keeps trucks off the local systems. County roads are especially vulnerable to heavy loads on weakened pavements.

These issues should be considered when attributing responsibility to loading or environmental causes. We are not convinced present allocation methods adequately account for damage to older highways caused by heavy loads.

(2) The needs of the Federal-aid Highway System versus the existing revenues coming into the Highway Trust Fund.

The Highway Trust Fund, established by the Federal-aid Highway Act of 1956, provided a stable level of financial support to the US highway program for nearly two decades. The stability of the highway program was made possible by a steady growth in user revenues. The only increase in user fees was in 1959 when the federal gasoline tax was increased from 3¢ per gallon to 4¢ per gallon. However, increased auto ownership and per capita travel resulted in a large growth in annual revenues for the Highway Trust Fund.

Beginning in the 1970's, the rate of increase in revenue lessened, and inflation and an aging highway system combined to compound funding inadequacies. Additionally, highway construction costs more than doubled. At the same time, creation of new work categories, without corresponding increase in funding, diluted proper financing further.

The Highway Trust Fund is currently unable to meet the needs of the Federal-aid Highway System. Obligation ceilings have resulted in a Fund balance at the end of FY 1981 of $9.2 billion. Receipts to the Fund from all sources will equal approximately $7.8 billion in FY 1982 for a combined total of $17 billion. The total needs developed by AASHTO in "A Program for America's Highways in the 80's," equal $16.9 billion in FY 1982 alone.

At the national level, the national highway program is underfunded by approximately 50% as shown in Table I. The degree of shortfall varies from program to program.

TABLE I
REQUIREMENTS vs FEDERAL AUTHORIZATIONS

(Dollars in Millions)

	FY 1982	
	Total Cost of Requirements[a]	Federal Authorization
Interstate Construction	$ 4,160	$3,225
Interstate 4R	3,390	800
*Interstate Transfer	1,060[b]	288
Primary	2,500	1,500
Primary Bridges	1,380[b]	565[b]
Safety Construction	550	390
**Federal Lands	50[b]	50
Emergency Relief	100[b]	100
Urban	1,630	800
Secondary	1,250	400
Non-Primary Bridges	830[b]	335[b]
Total	$16,900	$8,453

(a) Taken from AASHTO's "A Program for America's Highways in the 80's," as adopted November, 1980.

(b) Estimated.

NOTE:

* See discussion concerning early interstate completion.

** In our opinion, the estimated requirements and federal authorization reflect the current level of funding and ~~not~~ the current level of need.

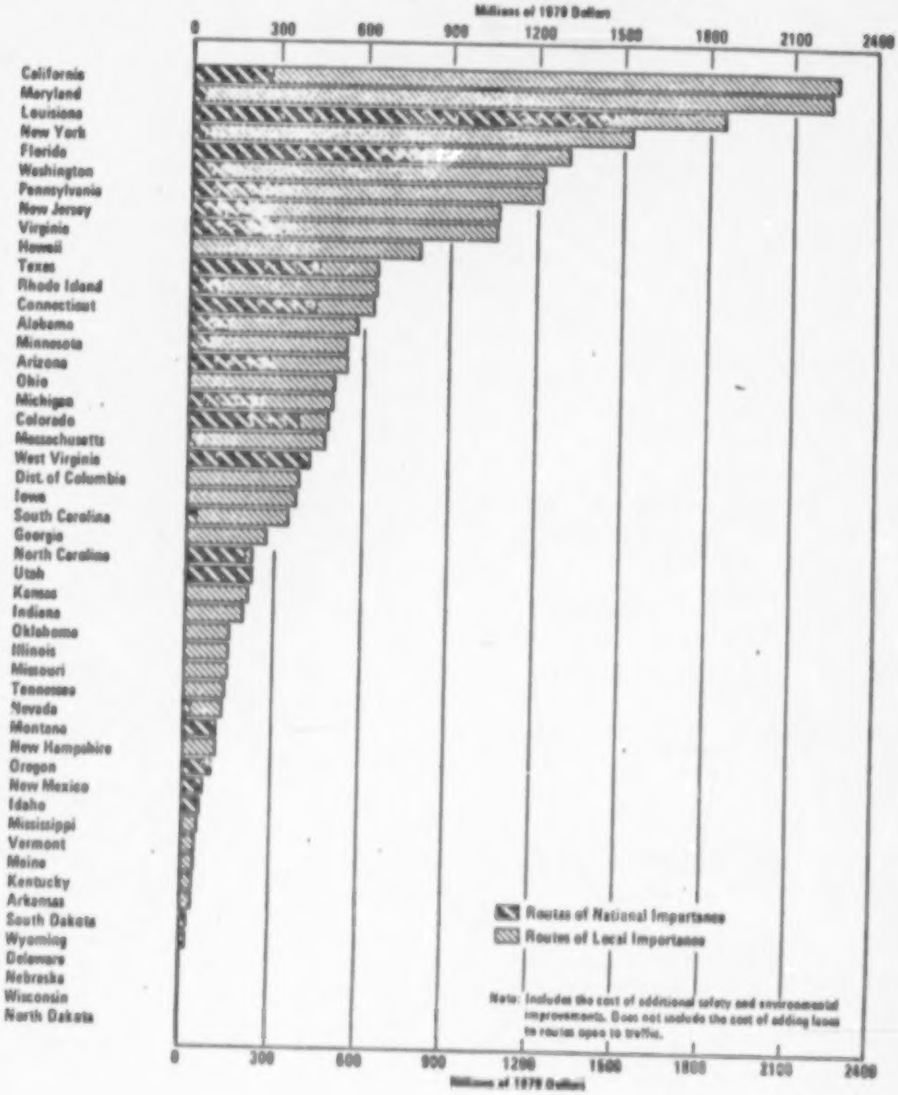
Early completion of the interstate system has been impeded by heavy allocation of Interstate funds to complete gaps of local interest that do not directly link the nation's cities. These local Interstate segments total only 624 miles but are estimated to cost 16.6 billion in 1979 dollars. Many of these proposed urban segments were added to the system after its inception.

Tables 2 and 3 from the Congressional Budget Office Study of Interstate Highway Issues and Options illustrate the concentration of Interstate dollars in relatively few states for the purpose of completing routes of "Local Importance." As a result, many of the remaining states are receiving insufficient funding to complete routes of national importance and those states which have completed their system are subsidizing routes of local interest in other states.

The one-half of one percent minimum provision was included in current law partially to offset these inequities. The Administration with the support of some states, proposes elimination of the minimun one-half percent provision. If this were to occur, completion of nationally important routes in at least three states (Idaho, South Dakota, and Wyoming) would be severly curtailed and several other states (Delaware, Nebraska, Wisconsin, and North Dakota) with no Interstate left to complete, would be subsidizing the remaining states. All remaining Interstate construction in Idaho is of national importance. Such a proposal is untenable when most Interstate funding is being used to complete routes of only local importance.

Table 2

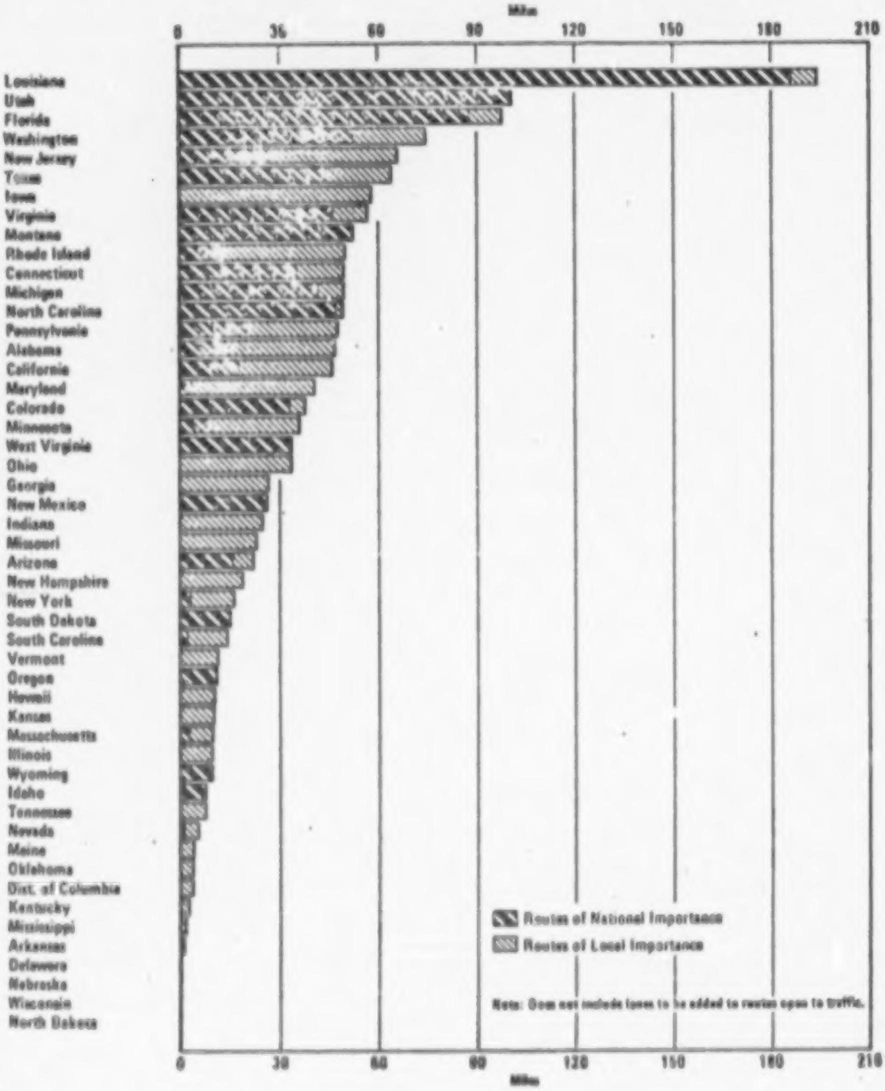
Cost to Complete Interstate Highways, by State and Category



Note: Includes the cost of additional safety and environmental improvements. Does not include the cost of adding lanes to routes open to traffic.

Table 3

Miles of Interstate Highways Not Open to Traffic, by State and Category



The Idaho Transportation Department conducts a program of continuous system performance monitoring. Through the HWYNEEDS Model, deficiencies on the State Highway System are identified, and necessary improvements are recommended. The Model identifies both current and projected deficencies. A comparison of the annual needs based on a ten-year improvement program to Idaho's total FY 1982 apportionment is shown in Table 4. If all the Federal-aid apportioned to Idaho were made available to the State Highway System, it would account for only about 30% of the identified needs.

TABLE 4
IDAHO ANNUAL NEEDS
vs
FEDERAL FY 1982 APPORTIONMENT
($000)

Program	Annual Needs(a) Urban	Rural	Total	FY 1982 Federal Apportionment
FAI	$ 4,417	$ 19,650	$ 24,066	$15,100
FAI 4R	4,750	15,445	20,195	7,700
FAP	7,358	58,752	66,109	12,134
FAS		11,358	11,358	4,867
FAU	13,633		13,632	3,924
Critical Bridge	9,029	9,632	18,661	4,115
HES	1,000(b)	2,000(b)	3,000(b)	1,417
Railroad	2,295	516	2,811	1,756
Total	$42,482	$117,353	$159,835	$51,155

(a) Taken from Idaho Transportation Department's HWYNEEDS Model - State Highway System Only

(b) Estimated

The "New Federalism" will have a significant impact on the Highway Trust Fund. As identified by the National Governors Association (NGA), programs of local interest include the Urban System, Secondary System, and Critical Bridges off the Primary System. The Federal government would retain programs of obvious national interest. These programs include the Interstate System, Primary System, Safety Construction, Federal Lands, and Emergency Relief. Under one proposal, two cents of the federal fuel tax would be returned to the states to fund the turn-back programs. The two cents would provide the states with approximately $2.6 billion in comparison to identified needs of the programs to be turned back totaling $3.7 billion.

The total needs for programs to be retained by the Federal government amount to $13.2 billion compared to authorizations of $6.9 billion. Anticipated Fund receipts to be retained by the Federal government amount to $5.2 billion. Both programs remaining under Federal control and those turned back to the states will be under-funded if additional revenue is not raised.

(3) Allocation of Highway Costs Among User Classes

Congress recognized a national problem of serious proportions when it initiated the Interstate 4R Program and allowed use of non-interstate funds for other 3R programs. Most of our Interstate System is adequate in terms of rights-of-way, grading, drainage, and underlying base support -- but the pavements of those sections built in the earlier phases of the program are now worn out. Some sections failed sooner than expected. For example, in Idaho, the Interstate System received more frequent and heavier truck axle loadings than anticipated during design. The consequences are evident in traveling the system.

AASH(T)O Road Tests and other studies have established that pavement life and heavy axle loadings are closely related. Pavement thicknesses are designed based on the anticipated axle (18,000 pound equivalent) loadings expected during the pavement's design life. Because of the close relationship of pavement life and heavy axle loadings, costs of pavement replacement should be borne equitably by users in proportion to their consumptive responsibility. This rationale is applied by the Federal Highway Administration in the "Final Report on the Federal Highway Cost Allocation Study."

The more traditional "incremental" approach as used by the State of Oregon in allocating user responsibility for new pavements and pavement rehabilitation recognizes pavement life economies as pavement thickness is increased to accommodate heavier weight groups.

The American Trucking Association (ATA) sponsored report entitled "Allocations of Federal Highway Program Costs to Motor Vehicles on the Basis of the Cost They Occasion" by Counseltrans, Inc., September, 1981, also uses the "incremental" approach. However, the report appears generally conservative in terms of recognizing the cost responsibilities of heavy vehicles. For example, the report argues against differential assignment of maintenance costs to specific classes of vehicles, whereas, Oregon's methodology recognizes pavement maintenance costs should be allocated to the users based on equivalent axle-miles of travel. This issue is crucial at the State level.

On the other hand, the ATA sponsored report recommends using actual highway needs as a basis for determining cost responsibilities rather than a selected program which is based on judgement as to future direction. This particular recommendation is valid.

However, all of these approaches can be challenged because of the many differing opinions concerning the issues involved. This means a policy decision is needed; otherwise arguments concerning methodology could continue indefinitely.

Either of two options contained in the Federal study should be used as a starting point. The two recommended options are the FHWA "Recommended Approach" or the "15-Step Incremental Approach" which is more closely aligned with the Oregon method. Future research will lead to refinements that will correct those inequities that may exist initially.

(4) Change Structure of Highway User Fees

The structure of highway user fees should be changed to facilitate administration, encourage equitable treatment of the several classes of users, and provide an incentive to use more productive vehicle configurations which reduce road wear. Of the alternatives given, number 3 most nearly satisfies these concerns, particularly if administration occurs at the state level. The Final Report on the Federal Highway Cost Allocation Study reinforces this observation because of administrative similarity of the highway use fee to the state vehicle registration fee. With all states participating, any state could collect use fees from individual operators whose home base of operation is elsewhere, in much the same fashion as currently provided by the International Registration Plan. Collection costs would be charged to the Federal government.

A desirable refinement of the axle-use tax feature would be a provision for fractional-year operations. Otherwise, cross subsidization occurs. Examples include seasonal operations such as agriculture and logging. However, determination of various partial-year rate structures could be prohibitive, and administration would be more complicated.

An alternative is a graduated rate structure based on axle weight per mile traveled. Equity would be better served theoretically, and administration would be facilitated by a nationally mandated program administered by each state. With universal involvement of the states, reported miles and itineraries could be compared for consistency to lessen circumvention of fee payments.

Vehicle configurations would be encouraged which would induce less pavement wear. The weight-graduated fee structure should encourage more axles upon which loads could be distributed, thereby reducing axle weights and corresponding use fees. Provision for distinguishing between single and tandem axles would enhance use of less-damaging tandems also.

Furthermore, collection requirements of a weight-distance tax are not significantly more difficult to satisfy than diesel fuel tax collection as administered by a number of states, in which payments are based on reported gallons consumed. Fuel purchase invoices must be retained, and the states must have a significant audit capability to insure proper payments are made. The weight-distance concept requires retention of travel records according to weight groups. These are our observations which differ markedly from testimony offered to this Committee on August 18, 1982 by John A. Clements, President of AASHTO regarding administration of a national weight-distance tax.

SUMMARY

(1) Condition of the Federal-aid Highway System and factors affecting the service life.

Declining revenues versus increasing costs have caused a significant reduction and shift in the highway program from major construction to maintenance and rehabilitation. The highway system is getting older. More miles are deteriorating and more time elapses between improvements of pavement sections.

No study has conclusively identified the percentage of pavement failure attributable to either load or environmental causes. However, many pavements and bridges were designed and constructed to lower design standards than needed for present truck loadings. The combined effects of an environmentally weakened pavement and heavy loadings can destroy a pavement in a matter of days. These issues should be considered when assigning responsibility to loading or environmental causes.

(2) The needs of the Federal-aid Highway System versus the existing revenues coming into the Highway Trust Fund.

America's highways are the backbone of the nation's transportation system. We can no longer ignore the serious problems affecting our highway system due to inadequate funding.

Idaho's interests in highway development and the economy in general can best be protected by implementing the following recommendations:

1. Extend the minimum one-half percent provision in the absence of strong measures focused on Interstate completion funding for routes of national importance.

2. Release of $6 billion of authorized but unobligated highway funds in Fiscal Year 1983.

3. Reimburse the Trust Fund from the General Fund for all revenues expended for gasohol incentives.

4. Increase the Federal-aid highway program immediately to at least $12 to $13 billion per year.

5. Double the federal highway user fees.

6. Reduce the cash balance in the Highway Trust Fund to $2 to $3 billion.

7. Extend the Highway Trust Fund indefinitely and remove it from the unified budget.

8. Impose fees to account for all types of energy used to propel vehicles over the highways.

(3) Allocation of Highway Costs Among User Classes

The differing opinions regarding cost allocation issues means policy decisions will be needed. The two recommended options of the Federal Highway Administration, "Recommended Approach" or" 15-Step Incremental Approach," are good starting points. Future research will lead to refinements that will correct any inequitities that may develop initially.

(4) Change Structure of Highway User Fees

Of the alternatives given, number 3 most nearly satisfies our concerns, particularly if administered at the state level. The graduated axle weight tax improves on the truck use tax, but may discriminate against seasonal operations such as agriculture and logging. We recommend a nationally mandated, state-administered graduated rate structure based on axle weight per mile traveled.

STATEMENT BEFORE THE
TRANSPORTATION SUBCOMMITTEE
OF THE
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
RELATING TO
HIGHWAY NEEDS AND HOW THEY CAN BE ADDRESSED IN VIEW OF EXISTING HIGHWAY REVENUES

by

DUANE BERENTSON
SECRETARY
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

SEPTEMBER 3, 1982

Mr. Chairman, I am Duane Berentson, Secretary of the Washington State Department of Transportation. We are pleased that this Subcommittee is affording the Western states an opportunity to present their views on the critical issues of the Federal-Aid Highway Program.

Mr. Chairman, before individually addressing our various concerns, I would like to summarize our overall position. We endorse USDOT Secretary Drew Lewis' proposal to increase highway user charges equivalent to a 5 cent increase in the federal excise tax on motor fuel, and the dedication of 1 cent of that increase to public transportation. We do believe, however, that reasonable modifications to this proposal would be acceptable, as long as they would provide the same general result for national transportation programs. We endorse the enactment of a comprehensive, multi-year highway and transit bill next year in conjunction with an increase in highway user taxes. For this year, however, we urge Congress to enact a "simple", one-year authorization bill that will continue highway programs at approximately Fiscal Year 1982 levels and will not include controversial changes in programs or apportionment formulas. In regard to a multi-year bill next year, among the many aspects we would like to see are: a one-half percent minimum apportionment for Interstate Completion funds; apportionment of Interstate 4R funds based on a 60/40 ratio, as proposed in the Senate highway bill, S. 2574; and retention of current law relating to Highway Beautification, or the relinquishing of this program to the states without restrictive criteria as suggested by Senator Stafford.

INCREASED HIGHWAY USER CHARGES

More than sufficient evidence has been presented to illustrate the need for increased revenues for the Highway Trust Fund. Washington State, for example, sees an average annual need of about $800 million in federal highway funds over the next 10 years, to fully meet our requirements. At the current funding levels we expect to receive an average of only $250-300 million per year during that period.

Substantial national efforts remain to complete the Interstate System; the immediate need for repair and maintenance of all our highway system is alarming. When we view the integral part that an efficient transportation network plays in a sound national economy, and the tremendous investment this country has made in its extraordinary highway systems, the direction is clear. The trend of deterioration of our highways must be halted now if we are to protect that investment and if this country is to see the return of a healthy economy.

We support USDOT Secretary Drew Lewis' proposal to increase highway user charges equivalent to a 5 cent increase in the federal excise tax on motor fuel, and the dedication of 1 cent of that increase to public transportation. While current projections of State funds for highway construction are very tight, we fully expect that the State of Washington will be able to provide state matching funds necessary to utilize the increased federal revenues that would be generated by Secretary Lewis' proposal.

Our highway system has traditionally been funded on a "pay-as-you-go" principle. For this principle to remain valid, highway user charges must be increased.

MODIFICATIONS TO USDOT SECRETARY LEWIS' PROPOSAL

While we do support Secretary Lewis' proposal, we would be amenable to modifications of the proposal which provide the same general results for national transportation programs.

We have, for example, heard discussions, in relation to an increase in highway user charges, of providing some mechanism to allow states the option of using the dedicated 1¢ transit funds for highway purposes at the states' discretion. While we have no strong opinion on this, we would not reject such a proposal out of hand.

We have also heard some discussions of the possibility that state governments might be requested to assist in the collection of non-fuel taxes associated with a highway user charge increase. We feel that this type of arrangement would be acceptable as long as states are to be reimbursed for their administrative cost of collection.

I would also like to mention an important note concerning the application of a potential highway user charge increase. Care should be taken to prevent the taxation of farm vehicles related to non-highway use as this would add unnecessary burdens to an already troubled segment of our economy and may undermine efforts to achieve a revenue solution.

NEED FOR "SIMPLE" 1982 HIGHWAY BILL

I am certain that we are all aware of the fact that unless Congress enacts highway authorization legislation by October 1, 1982, including approval for use of the current Interstate Cost Estimate for apportioning Interstate Completion Funds, the only new funds that can be apportioned to the states for Fiscal Year 1983 is the $800 million of Interstate 4R authorization. I am also certain that I do not need to describe the damage that such a circumstance could cause to highway programs and the industries dependent on them for those present to realize the importance of this issue.

We would like to see the enactment of a comprehensive, multi-year highway and transit bill next year, in conjunction with an increase in the federal excise tax on motor fuel and other Highway Trust Fund taxes. This year, however, we recommend Congress act on a "simple", one-year bill that will continue highway programs at approximately Fiscal Year 1982 levels, without allowing the delay that would result from controversy over major changes in program structures and apportionment formulas.

COMPREHENSIVE MULTI-YEAR HIGHWAY BILL

When Congress does take up a comprehensive multi-year bill next year, many issues will require attention. Without attempting to cover the full spectrum, I would like to take this opportunity to express our position on a few of the more relevant areas.

1/2% Minimum Apportionment of Interstate Completion Funds to each State

In recent years we have heard repeated assurances from Congress and the Administration of a strong commitment to completion of the Interstate System. We share the belief implied in this commitment that completion of remaining Interstate segments is necessary to provide a viable, national, interconnected highway system.

Although the Interstate System is nearing completion, over half the cost of remaining segments is attributable to completion projects located in eleven states. Those states that have not been able to advance their Interstate Completion projects as rapidly as others must be provided the funding to allow them the same opportunity to complete their portion of the Interstate System, as that afforded to those states that have completed or nearly completed their portion of the system.

In considering the distribution of Interstate Completion funds, however, we believe an equitable allocation of Interstate funds must include those states that have a very small share of the total cost to complete the Interstate System. There are 13 states whose individual shares of that cost are less than one-half percent each. We would support a one-half percent minimum apportionment for Interstate Completion funds when Congress addresses distribution of federal highway funds.

Apportionment of Interstate 4R Funds

We support the distribution of Interstate 4R funds according to a formula based on the ratio of 60 percent lane miles and 40 percent vehicle miles, as proposed in the Senate Highway bill, S. 2574. We believe this formula allows the most accurate assessment of each state's 4R needs. We strongly oppose the formula proposed in the House bill, HR 6211, based on 1/3 vehicle miles, 1/3 gasoline consumption, and 1/3 diesel fuel consumption.

A change in the formula for apportioning Interstate 4R funds would be most appropriately considered next year, as part of a multi-year highway and transit bill. Consideration of such a change should not be undertaken this year, due to the urgent need for immediate action on a one-year bill, and the controversy that would undoubtedly arise over this issue.

Outdoor Advertising

There has been some recent controversy over the future of the Highway Beautification program, particularly as it pertains to outdoor advertising. Senator Stafford has stated his position that responsibility for this program should be given to the states without restrictive federal regulations or punitive funding sanctions. A provision in the House bill, HR 6965, for highway and transit authorizations, proposes placing responsibility for control of outdoor advertising with the states, but also recommends several restrictive criteria and a substantial funding sanction for administration of the program.

We would support continuance of the current Highway Beautification program, or the relinquishing of the program to the states as suggested by Senator Stafford. We strongly object to the related provision in HR 6965.

STATEMENT BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION
SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ON

THE CONDITION, NEEDS, AND ALLOCATION OF COSTS FOR THE FEDERAL-AID HIGHWAY SYSTEM

by

H. S. COULTER
State Highway Engineer
Oregon State Highway Division
Oregon Department of Transportation

Lewiston, Idaho
September 3, 1982

Mr. Chairman and members of the Subcommittee, I am Scott Coulter, State Highway Engineer with the Highway Division of the Oregon Department of Transportation. I am pleased to be here with you today to offer Oregon's views on the vital issues of highway needs, revenues to meet those needs, allocation of highway costs among the various user classes, and possible modifications to the existing set of federal highway user charges.

Let me first compliment the Chairman and members of the Subcommittee for your efforts in recent years toward reductions in the number of funding categories and greater flexibility in the Federal Aid Highway Program. I urge your continued attention to and action toward further economies through the elimination or consolidation of categories and fewer constraints on how to spend the available funds.

The primary responsibility of the Oregon State Highway Division is the construction, improvement, operation, and maintenance of our state highway system. Highways provide a vital link between producers and consumers, and between individuals and their place of work. Highways are a common denominator connecting all other modes of transportation. Oregon's economic well-being is highly dependent on good highways, as is the economic health of all other states and the nation as a whole. It remains our commitment to provide, as best we can, a responsive highway program which meets the needs of the citizens of Oregon today and in the years to come. It would be counterproductive for us to strive for economic recovery and at the same time neglect the highways serving our state.

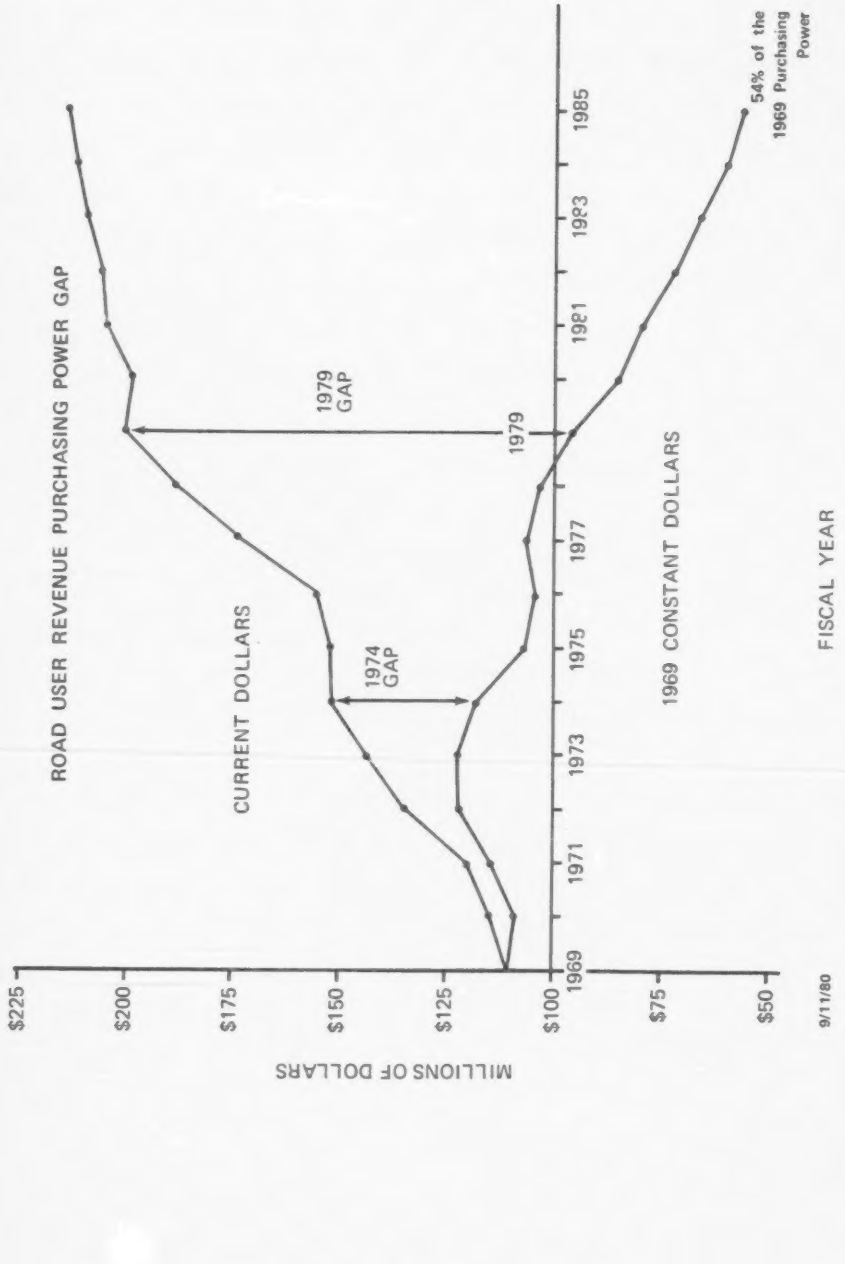
After paying some administrative and collection costs, revenues from the vehicle and drivers' license fees, state fuel taxes, and weight-mile taxes paid by virtually all commercial vehicles comprise the bulk of Oregon's highway fund. Slightly less than a third of this is distributed to our counties and cities. The balance, plus our share of federal-aid monies, is available for use in constructing and maintaining our highways.

Although our Legislature recently passed a one-cent increase in the state fuel tax and a corresponding increase in weight-mile taxes, this increase represents only a fraction of what is needed to preserve our roads at their existing level of service. This increase in the fuel tax was the first since 1967. As the chart on the following page shows, state road user revenues in Oregon almost doubled between 1969 and 1979, while their actual purchasing power decreased substantially.

Your invitation, Mr. Chairman, identified several issues on which testimony is desired. Let me relay our thoughts on each of these issues.

1. The Condition of the Federal-Aid Highway System and Factors Affecting the Service Life of the System.

What we see happening to our highways is much the same as the situation faced by almost every state. Pavements are wearing out faster than they can be repaired with the limited funds available. The copies of Oregon's 1980 State Highway System Preservation Study and the 1982 Pavement Condition Interim Results, labeled Exhibits A and B, provide a look at the condition of Oregon's highway system.



ROAD USER REVENUE PURCHASING POWER GAP

These documents present an accurate reflection of our highway system made by comparing the appearance of each segment of highway with photographic examples and rating the condition in the five categories of very good, good, fair, poor, and very poor. The 1980 Study indicated that although almost two-thirds of the miles of Interstate highways in Oregon are in good or very good condition, only a fourth of the rest of our system was as serviceable. The 1982 Interim Results revealed a decline of 200 miles in our very good and good pavements, and an increase of 130 miles in pavements rated very poor. The condition of the bridges reflected in our study was obtained from the inspections regularly made on our structures in conformance with the national bridge inspection standards.

Along the 363 miles of the Oregon Coast Highway from the Washington to the California borders are 130 bridges that are the subject of a continuing study to determine what actions might be appropriate before the beginning of the 21st Century. Many of these bridges, including a half dozen major river crossings, were built during the mid-1930's and are 40-50 years old and approaching their life expectancy. Preliminary estimates suggest that 37 of these will need to be replaced and an additional 38 will require significant repairs over the next 18 years. This information is provided as additional data on the condition of Federal-Aid highways in Oregon.

The service life of any highway is determined by a combination of factors. I will not discuss these factors in any detail, since they have been adequately covered by several of those who have previously testified before this committee.

Highways are typically designed to accommodate the number of traffic loadings anticipated over a 20-year lifespan. In some cases, however, this lifespan has been shortened or the wearing-out process accelerated by a greater-than-anticipated traffic growth. This growth has been especially pronounced for the heavy trucks, both in terms of their numbers and average weights. Travel by all vehicles in Oregon has increased at an average annual rate of 3.4 percent from 1975 to the present. Over this same period, however, travel by the heaviest class of trucks, those with registered gross weights over 76,000 pounds, has increased at an average rate of 16 percent per year. We anticipate that travel by the heaviest trucks will continue to increase more than travel by other vehicle classes.

While our highways have generally done a good job of providing the service for which they were intended, many are now reaching the end of their design lives and will need to be rebuilt or replaced in the near future. In Oregon, 55 percent of our federal-aid primary and secondary highways are over 20 years old. The implication of the trends examined above is clear--the deterioration of our nation's highways and bridges will continue at an accelerated rate unless some way can be found to substantially increase the funds available for their preservation.

2. The Needs of the Federal-Aid Highway System Versus the Existing Revenues Coming Into the Highway Trust Fund.

If there is one point that virtually all highway professionals agree on, Mr. Chairman, it is that the needs of the Federal-Aid Highway System are substantial and growing. While completion and maintenance of the Interstate System represents an important need, we in Oregon find that the preservation of the other highways on our system is an even more pressing problem.

In Oregon alone, as reflected in the Preservation Study mentioned earlier, almost 3,500 miles of pavement and 48 bridges on the non-Interstate portions of our state highway system are in poor condition and we estimate that it would take $1.3 billion over the next ten years just to preserve the system in its present condition. It should be stressed that this estimate does not allow for any overall improvement in the pavement condition of the system, but would only prevent further deterioration. In addition to our preservation needs, we have identified almost $500 million of modernization needs in our Highway Improvement Program of which less than one-fifth could be funded with existing revenues. We have estimated that Oregon's non-Interstate Federal-Aid program from the multi-year highway bill reported out by this Committee will be about $50 million per year. At this rate, it would take 36 years' appropriations just to meet our minimum ten-year needs ($1.8 billion).

We currently estimate the cost of completing and rehabilitating our Interstate highways at over $650 million. Our annual Interstate program funds (including 4R) from the committee bill are estimated at about $67 million. Thus, it will require almost ten years' apportionments to meet these Interstate needs.

These figures do not include an estimated $1.6 billion required to preserve local roads in Oregon, those not on the state highway system. All the estimates are in current dollars and will have to be increased to account for any inflation in construction costs.

Nationally, federal-aid highway authorizations have grown from $5.4 billion in 1975 to almost $7.0 billion in 1981, a 29 percent increase. In terms of purchasing power, however, there has been a startling decline in the program. Based on the FHWA Construction Cost Index, the 1981 authorization is worth only $4.3 billion in 1975 dollars, or a 20 percent decrease in the program over this period. The program is simply falling behind and not keeping up with the needs.

In conclusion, Oregon, like virtually every other state, faces substantial unmet needs on its federal-aid highways, particularly on the non-Interstate portion of the system. We believe it is critically important that the level of federal-aid funding be increased and that the states be given more flexibility on how to spend the available funds. The emphasis of the federal-aid funding program needs to fully reflect the growing trend toward preservation of our highway investment.

Mr. Chairman, we also believe it is important that the basic apportionment formulas for the various funding categories accurately account for the differences between states in geographical size, population, road miles, and the like. We believe that any changes in these formulas should accurately reflect a combination of system lane miles and utilization of the system.

3. The Allocation of Highway Costs Among the Various User Classes.

The allocation of highway costs among the various classes of highway users is an area that has received an increasing amount of attention recently with the completion of the new Federal Highway Cost Allocation Study and several state studies. Oregon has long been a leader in conducting cost responsibility studies and in implementing a road user tax structure based upon the cost responsibility principle. We strongly support the concept of financing highways with user fees and the apportionment of these fees among the different user classes on the basis of each class' cost responsibility.

Oregon conducted its first cost responsiblity study in 1937. Since that time, four additional studies have been conducted, the latest being the 1980 Motor Vehicle Cost Responsibility Study. A copy of the 1980 Study Summary Report accompanies this statement as Exhibit C. In addition, we would be glad to provide the Committee members and staff with copies of the full study upon request.

The new Federal Highway Cost Allocation Study makes an important contribution to the state-of-the-art in cost allocation studies. The authors of the study are to be commended for their careful work and willingness to try new methods. Although we continue to have reservations concerning some of the allocation methods used in the Federal Study, these should not be allowed to cloud the overriding issue of improved funding for our highway system. At this time the most pressing needs are to secure a funding level that will bring payments by all road user classes closer to the full costs for which they are responsible, and to continue the effort to make more efficient use of the funds available. A true "preservation level" of expenditures will require increased payments by all road users. This does not mean that the manner in which costs are allocated to the various classes of highway users is unimportant. But, it does mean that we must not allow progress toward a more rational funding level to be hindered by an endless series of debates over the precise methods by which costs are to be allocated.

One of the major changes in the new Federal Study involves the treatment of pavement rehabilitation or 4R expenditures. The 1965 Federal Study treated these expenditures in the same manner as new pavement costs and allocated both types of costs using the standard incremental approach. The new study uses a consumption or damage function approach to allocate pavement rehabilitation costs. The costs are assigned to the various vehicle classes on the basis of the different types of pavement distresses attributable to each class and on how important each type of distress is to the decision for capital outlays. This approach, in other words, concentrates on who caused the damage that results in the need for pavement rehabilitation.

The 1980 Oregon Study allocated major pavement rehabilitation (overlay) costs using a modified incremental approach. This approach allocates these expenditures to the traffic that will be using the new facility in the same way that new pavement construction costs are allocated. It is our belief that treating these costs in this manner is more appropriate than utilizing the damage-based approach of the Federal Study. The new investment approach used in the Oregon Study recovers the costs from those who will be using the rehabilitated road rather than attempting to assess who was responsible for wearing out the old facility.

The following table compares the overall results of the Federal and Oregon Studies for the broad vehicle classes shown:

	Percent Cost Responsibility	
Vehicle Class	Federal Study	Oregon Study
Passenger Vehicles[1]	58.9	56.5
Trucks	41.1	43.5
Single-Unit	7.9	8.0
Combinations	33.2	35.5

[1] In order to make a valid comparison it was necessary to include buses in the passenger vehicle class in the Oregon Study figures.

It should be stressed that the two studies are not strictly comparable because of some differences in the types of expenditures allocated and the highway systems analyzed. Some differences between the two studies are to be anticipated as the Oregon Study reflects the estimated expenditure of funds for the construction, preservation, maintenance and operation of highways in Oregon, whereas the Federal Study reflects only a construction and preservation program. Nevertheless, the broad results of the two studies are quite similar.

While we believe that the Federal Study represents an important step in the right direction, it does not represent the final word in cost allocation methodology. And the same is true for the studies done by Oregon and other states. Cost allocation methodology is still being developed, leaving many possible theoretical approaches, and hence different allocation results. There are and will continue to be legitimate differences of opinion on how highway costs should be allocated. For these reasons, it is important to avoid becoming locked into any one particular cost allocation methodology. Oregon has always stressed the need to maintain a flexible approach to cost allocation which allows for the incorporation of improved methods and better data as they become available.

4. Proposals to Change the Structure of Highway User Fees.

We believe that the most equitable way of charging individuals for their use of the highway system is to base highway user fees on the concept of cost responsibility. We also believe that the perceived equity of a tax structure can have an important bearing on the degree of compliance with the tax and on the success of efforts to secure a more adequate funding level.

One of the principal purposes of a cost allocation study is to assess how well the existing distribution of payments among user classes conforms to the cost responsibility of these classes. If it is found that the degree of conformity between payments and responsibilities is less than desirable, then the study should recommend modifications designed to improve the equity of the tax structure.

To this end, the Federal Cost Allocation Study presented and analyzed a number of alternatives to the existing federal user charge structure. These alternative structures would bring about a more equitable distribution of payments between user classes than exists under the current structure. The same is true for the first and third alternatives listed in the attachment to our letter of invitation to appear before this Committee. We are particularly intrigued with the idea in Alternative 3 of basing the truck use tax on axle weight, since axle weights are the basis of our road design equations. This idea ties in somewhat with a concept which we are currently working on to improve the tax structure in Oregon.

Despite this, however, we do not feel that any of the alternatives presented in the Federal Study or attached to the Chairman's letter go as far as they could toward a true cost responsibility-based user charge structure. While these alternatives would bring about a more equitable distribution of payments between vehicle classes, they do little to improve the apportionment of fees among the users of any one class with respect to their relative use of the system.

For this reason, we would urge the Committee to give serious consideration to the adoption of a weight-distance tax at the federal level. Such a tax would be based on registered gross vehicle weight (or axle weight) and miles of travel and could significantly improve the equity of the federal user charge structure between users in the various vehicle classes.

Oregon has had a weight-distance tax since 1947. With a few exceptions, the tax applies to all commercial vehicles over 6,000 pounds and is based on a vehicle's registered gross weight. The tax rate schedule is graduated in terms of 2,000-pound increments with the current rates ranging from 0.7 cent per mile for the lightest truck class, to 7.55 cents per mile for an 80,000 pound truck. Besides a nominal registration fee, this is the only tax a diesel truck pays into our highway fund.

The Oregon weight-mile tax is used in place of a fuel tax on heavy vehicles since fuel consumption, while increasing with vehicle size and weight, does not increase proportionately with cost responsibility. For example, the results of the 1980 Oregon Cost Responsibility Study indicate that the per-mile responsibility of an 80,000-pound truck is about 16 times greater than the per-mile responsibility of an automobile. The 80,000-pound truck, however, uses only three to four times the fuel used by the average passenger car for a comparable amount of travel. Thus, fuel consumption alone does not adequately reflect the cost responsibility of vehicles of different sizes and weights.

This same deficiency applies to vehicle registration or flat annual use fees. While such a fee may be based on vehicle gross weight and may be graduated in its application, it does not reflect the variation in mileage by the same vehicle from year to year, or the variation in mileage among vehicles of the same gross weight. For example, suppose that two vehicles are identical except that one travels 20,000 miles a year and the other

100,000 miles. Both vehicles would pay the same amount in registration or flat annual use fees, even though the responsibility of the second vehicle is five times greater than the responsibility of the first vehicle.

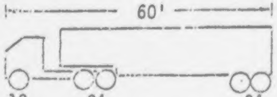
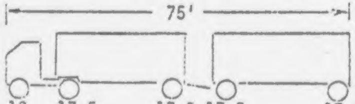
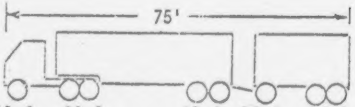
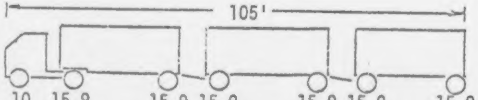
To summarize, neither a fuel tax nor a vehicle registration fee adequately reflect the cost responsibility of vehicles within a given size or weight class. A weight-distance tax--a tax based on vehicle weight and distance traveled--is the only type of tax that can equitably charge heavy vehicles for the costs for which they are responsible. And, despite the belief by some that this type of tax is difficult to administer and expensive to collect, we have not found this to be the case in Oregon. The Oregon tax is efficiently administered, with collection costs representing 3-4 percent of gross collections.

While there would be some difficulties involved in administering a weight-distance tax at the federal level, we do not believe they would be insurmountable. Trucking firms operating interstate are required in almost every state to file periodic mileage reports on the total number of miles traveled, the number of miles traveled in the specific state, and the number of gallons of fuel purchased in the state. In addition, carriers are required to supply fairly detailed information on their operations to the Internal Revenue Service. Thus, most motor carriers are already reporting the same type of information that is required under a weight-distance tax. With a cooperative effort between the states and the federal government, we believe a federal weight-distance tax is a workable alternative that deserves more serious consideration. The idea of state participation in the collection of a federal weight-distance tax is a concept that we believe warrants further investigation also.

A weight-distance tax, particularly one based on axle weight, can also provide a good mechanism for promoting increased use of more productive vehicle configurations. Since axle weight is the primary cause of road wear, laws and taxing schemes which promote lower axle weights, while permitting heavier gross weights, create a favorable situation for highway departments and industry alike. The chart on the following page illustrates this point. The chart depicts several common vehicle types, typical axle weights, and the number of trips required for each configuration to move 100,000 tons of freight. The figures in the final column, headed 18,000 Pound Axle Equivalent, are the number of standard design axle applications that the movement would have on a highway and can be thought of as damage units.

As the figures in the chart show, there are significant differences in the amount of road damage done by various vehicle configurations. The second vehicle configuration illustrated, commonly referred to as "Western Doubles," consumes about twice the amount of service life of a highway as does the other 75-foot vehicle illustrated on the chart. The Western Association of State Highway and Transportation Officials, of which Oregon is one of the 15 member states, has gone on record as supporting the right of individual states to allow the operation of more productive vehicles over designated portions of their road systems.

COMPARISON OF PAYLOADS AND AXLE WEIGHT EQUIVALENTS

		Gross Weight	Gross Pay Load	Trips to Move 100,000 tons	18,000-pound axle Equivalent
Axle weights in 1000s	 12 34 34				
18,000-pound axle equiv. . .	0.36 1.45 1.45	80,000	44,000	4,545	14,816
	 10 17.5 17.5 17.5 17.5				
	0.16 0.88 0.88 0.88 0.88	80,000	45,000	4,444	16,354
	 11.6 29.6 31.4 13.8 19.1				
	0.30 0.80 1.03 0.32 0.24	105,500	65,650	3,046	8,194
	 10 15.9 15.9 15.9 15.9 15.9 15.9				
	0.16 0.59 0.59 0.59 0.59 0.59 0.59	105,500	61,000	3,279	12,233

Conclusion

Mr. Chairman, in closing I would like to reemphasize the main points of my statement.

The condition of our federal-aid highways is deteriorating at an accelerating rate, and the situation is particularly critical on the non-Interstate portion of the system. The prime factor in the deterioration of our highways has been and continues to be the inability of both the states and federal government to fund an adequate preservation level of expenditures.

Our highways have done an excellent job of providing the service for which they were designed. But highways, like any other investment, have a finite life and an ever-increasing number of our nation's highways and bridges have reached the end of their design life and must be replaced or restored.

We believe it is critically important that the funding level of the Federal-Aid Highway Program be increased and that the states be allowed more flexibility in using their apportionments. We also believe that any increase in funding should come from the users of the system and that user fees should be based on the concept of cost responsibility.

We in Oregon favor road user fees which are equitable to both low and high mileage vehicles. We also believe in promoting the use of more productive, less damage-causing truck configurations. In this way, we can create a win-win environment. The public wins by getting more service life from their highways, and the trucking industry wins by achieving lower costs per ton mile.

While an equitable allocation of costs among highway users is an important objective, we should not allow progress toward an improved funding level to be delayed by arguments over differences in theory. The paramount need at this time is to get on with the task of rebuilding our highways, a task that will require increased financial support from all highway users--and this is so regardless of the particular cost allocation methodology employed.

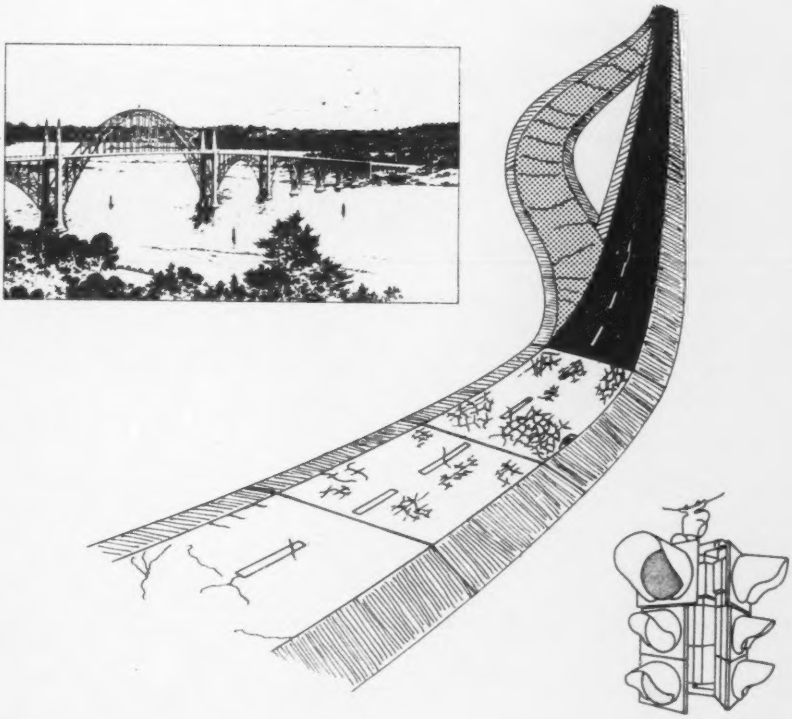
Mr. Chairman, I again want to commend the Subcommittee for holding these hearings and thank you for giving me the opportunity to offer our views. The issues being considered by the Subcommittee are difficult but critically important to the future of our transportation system. If there is any way we can be of assistance, please do not hesitate to contact us.

EXHIBIT A

STATE HIGHWAY SYSTEM PRESERVATION STUDY

JANUARY 1981

OREGON DEPARTMENT OF TRANSPORTATION
Highway Division



[The following has been excerpted from the above named report. The entire report has been retained in the committe files.]

INTRODUCTION

The State Highway Preservation Study, first published in 1977, reported conditions and preservation needs existing at that time. Since the State Highway System is dynamic--undergoing constant change, the study was updated in 1979 and again with this current study.

Within the context of this study, preservation is keeping the highways already in place in a condition that will provide a reasonable service to the public. Route changes, major widening and other needed improvements associated with expansion of the system are not a part of this study.

This study identifies the relative deterioration of pavements and bridges on the state highways. It also includes an assessment of the operational features that include signs, signals and turning refuges needed to provide guidance and protection to traffic.

Costs of correcting deficient pavements and bridges and providing operational improvements over the 10-year study period (1980-1989) are estimated in 1980 dollars. In developing these costs, the effects of future inflation were not considered.

SUMMARY

Results

TABLE 1

PRESERVATION STUDY RESULTS
10-YEAR COSTS ESTIMATED IN 1980 DOLLARS

	Status Quo		Improve Quality	
	Quantity	Cost (Millions)	Quantity	Cost (Millions)
Pavement (Miles)	3,524	$ 890	5,541	$1,375
Bridges (No.)	49	170	464	185
Operations[1]		204		237
Total Cost		$1,264		$1,797

"Status Quo" presumes holding the line at the present condition levels by addressing the most severe problems. This program accepts that system deficiencies will remain at present levels throughout the 10-year study period because elements now in Good or Fair condition will become deficient by the end of the period.

"Improve Quality" provides for an increase in the quality of the system.

---

[1] "Operations" include a mix of needs ranging from traffic signals to passing lanes.

Conclusions

The study results clearly indicate the need for an active preservation program because 3,500 miles of pavement and 49 bridges remaining in poor condition will need improvement during the next 10 years to just keep pace, despite the intensive rehabilitation program begun in 1979.

This intensive rehabilitation program did provide a slight improvement (12 percent gain) in pavement conditions. The legislative actions which relieved the Highway Fund from supporting the State Police and Parks programs made this possible. However, during the past two years, highway improvement costs have increased significantly representing, in essence, an inflationary trend upward ranging from 20 to 30 percent.

These rising costs are a major roadblock in addressing preservation needs. Although effort is directed toward those highways that exhibit the greatest amount of travel or are important to Oregon's economy, delays in improving even the higher priority sections will become necessary considering the present availability of funds.

A more accelerated and balanced preservation program, i.e., a mix of contract and maintenance improvement, over and above the "Status Quo" program is needed to realize a gain in the overall system condition.

EXHIBIT B

STATE HIGHWAY SYSTEM PRESERVATION STUDY

PAVEMENT CONDITION INTERIM RESULTS

APRIL 1982

OREGON DEPARTMENT OF TRANSPORTATION
Highway Division

RESULTS
1982 SYSTEM

CONDITION	MILES	
VERY GOOD	665	200 fewer good miles
GOOD	1145	
FAIR	2171	
POOR	2779	
VERY POOR	744	130 more very poor miles

TOTAL 7504

RESULTS
1980 - 1982

	MILES DETERIORATED	MILES IMPROVED
VERY GOOD	290	
GOOD	526	26
FAIR	581	58
POOR	354	515
VERY POOR		264
	1751	863

MORE MILES DETERIORATED THAN WERE IMPROVED

IMPROVEMENTS
1980-1982

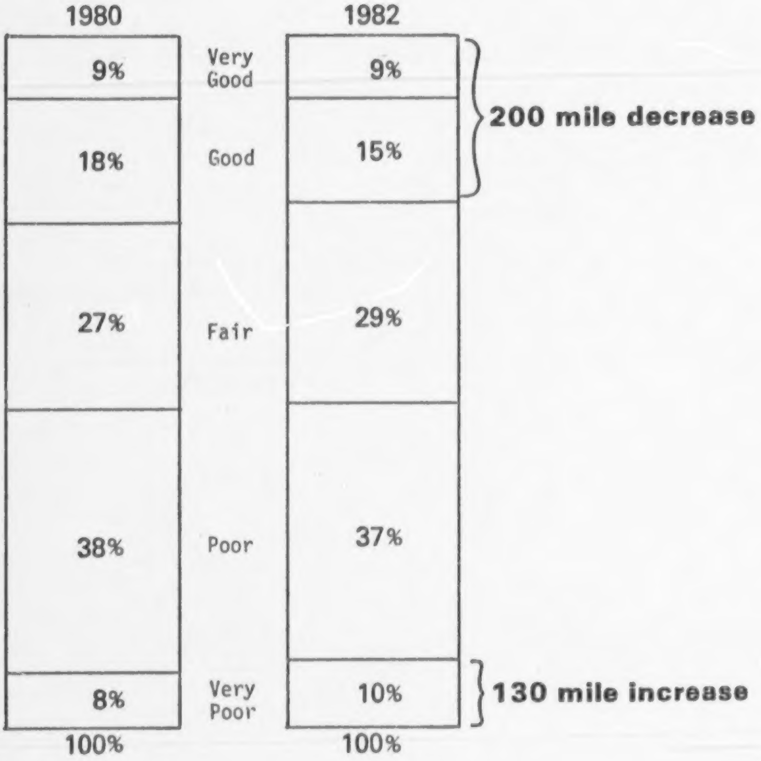
	MILES
OVERLAY & RECONSTRUCTION*	325
OIL MAT	34
SEAL	53
BLADE PATCH	248
TOTAL	660

*INCLUDES SHORT SEGMENTS THAT RECEIVED EXTENSIVE ROADBED REPAIRS.

PAVEMENT CONDITIONS RATINGS WERE ADJUSTED ON AN ADDITIONAL 203 MILES

CHANGES IN ROADWAY CONDITION MILES

PERCENT OF TOTAL STATE SYSTEM IN EACH CONDITION



STATE HIGHWAY SYSTEM PRESERVATION STUDY PAVEMENT CONDITION INTERIM RESULTS APRIL 1982

1. Roughly half of the total system needs work.
2. About 200 fewer good miles
3. Already 130 more miles slipped into the Very Poor category where base damage is occurring making repair more costly.
4. Present system condition reflects results of short-lived interim treatments accomplished prior to 1980.

EXHIBIT C

1980
MOTOR VEHICLE COST RESPONSIBILITY STUDY

SUMMARY REPORT

Prepared for

The Sixty-first Legislative Assembly

At the Request of the

Senate Trade and Economic Development Committee
of the Sixty-first Legislative Assembly

Oregon Department of Transportation
Policy and Planning
Financial Planning and Economics

February 1981

[The following is excerpted from the above named report. The entire report has been retained in the committee files.]

PREFACE

Systems of taxation in Oregon are under constant review by the Legislative Assembly to ensure that they are fairly and equitably imposed on the citizens.

Prominent among those systems are the road user taxes--gas tax, weight-mile tax and vehicle registration fees--that are used to maintain and improve the public roads and highways.

Users of the State Highway System generally fall into two groups: Basic Vehicles--autos and smaller load-carrying vehicles weighting 8,000 pounds or less; and Heavy Vehicles--trucks and buses weighing over 8,000 pounds.

Which of those user groups should pay how much, in relation to the other, is a subject the Oregon Department of Transportation reviews periodically in what are called "cost responsibility" studies. As traffic and freight-hauling patterns change to meet shifting economic conditions, road user taxes must be adjusted proportionately to maintain equity between the two groups.

The 1979 Legislature recognized that there have been significant changes in highway costs and use trends since the 1974 study was completed. The Department was asked to conduct a new cost responsibility study. The findings and recommendations of that study are presented in this summary report.

SUMMARY OF MAJOR FINDINGS

The 1980 Cost Responsibility Study finds that:

* Basic Vehicles should contribute approximately 55 percent of road user revenue, and Heavy Vehicles should contribute 45 percent.

* Existing weight-mile tax schedules create cross-subsidization of some heavy vehicles by others. At the current budget level, vehicles weighing between 16,000 and 76,000 pounds are overpaying, while vehicles below and above these weights are underpaying their responsibility.

* Farm vehicles and publicly-owned vehicles are, through exemptions or reduced rates, being subsidized by all other road users.

* By 1983, at current tax rates, Basic Vehicles will contribute 55.7 percent, and Heavy Vehicles will contribute 44.3 percent.

* Increases in expenditure level to prevent further deterioration of the state highway system will result in a higher cost responsibility share for Heavy Vehicles.

SUMMARY OF RECOMMENDATIONS

The Oregon Department of Transportation recommends that:

* Heavy Vehicle tax schedules be adjusted in conformance with Table 3 to eliminate cross-subsidies.

* Subsidies to farm vehicles and publicly-owned vehicles, as a matter of public policy, should be reviewed by the Legislature.

* Any increases in road user taxes should be consistent with the findings of the 1980 Cost Responsibility Study.

Testimony of Warren E. Hoemann
General Counsel, Western Highway Institute
Before the United States Senate
Committee on Environment and Public Works
Subcommittee on Transportation
Honorable Steven D. Symms, Chairman
September 3, 1982 - Lewiston, Idaho

My name is Warren Hoemann. I am General Counsel of Western Highway Institute. I am grateful for the opportunity to talk today about highway cost allocation and taxation methods.

Western Highway Institute was founded in 1947 and serves the trucking industry in the 11 Western United States, Alaska, Hawaii, and the four Canadian provinces of Alberta, British Columbia, Manitoba, Saskatchewan and the Yukon Territory as a technical research institute. WHI does research in engineering and in taxation and licensing of interstate vehicles. WHI is neither a policy making nor lobbying organization, so my remarks are based only on our research and experience in this field.

The first question asked by many people when considering highway taxes is "How do we compare to our neighbors?" The answer to that question is, quite simply, that such a comparison is not possible since all states are not the same. The tax levels in each state are dependent upon the highway needs in each state, the cost of those needs, and the revenue sources available to meet those costs. Those three factors, needs, costs and revenue sources, vary significantly between states so that comparisons become irrelevant. Each state must identify for itself its own needs, costs and revenue sources and through careful study determine the most efficient and equitable tax structures and tax levels to raise the revenues necessary to meet its highway needs. A paper which more fully explains the difficulty, and finally the irrelevance, of comparing state tax levels is included with my written testimony. For these reasons I was happy to hear Anthony Kane of the FHWA say at a recent meeting of the Council of State Governments that the states should not directly adopt the findings of the Federal Highway Cost Allocation Study.

It's been said that we never have experience until just after we needed it. And while the next best thing to good advice is a good scare, we can benefit from experience without learning the hard way. We can do that by examining the experience of others. So while comparing tax levels or findings of cost allocation studies may be irrelevant, we can learn from the states' experience with types of tax mechanisms.

In the area of highway user taxation, just about everything has been tried at one time or another. No tax system has proved perfect--you could sit here all day and pick at any tax one could choose--but the highway user tax that has been rejected most often by states has been the weight-distance tax. As the old U.S. Board of Investigation and Research said, these taxes have shown "an unusually high mortality rate for tax laws."

Let us examine the experience other states have had with these taxes. By "these taxes" I'm referring to the whole family of weight-distance taxes, including ton-mile taxes and axle-mile taxes. The proponents of weight-distance taxation will tell you that a ton-mile tax is far more difficult to administer than a weight-distance tax. There is a technical difference between the two taxes, but, when I hear that, I feel like a Christian in ancient Rome being assured that my lion doesn't have bad breath. These different taxes are all of the same breed, and experience shows they are an evolutionary dead end.

In 1929 Georgia imposed a mileage tax. The Georgia legislature repealed it in 1937. According to the figures of the state's comptroller, administrative costs ran to over 21 percent of gross revenues.

Iowa tried a ton-mile in 1925 and threw it out 14 years later. The Superintendent of the Iowa Motor Vehicle Department said, "in the collection and actual enforcement involved in the collection of such tax, no successful means has as yet been found at a reasonable cost." An academic study noted, "experience with the ton-mile in Iowa and other states indicates that it is difficult to administer because it involves self-declaration...of ton-miles traveled...(and) payment of the full tax is...open to evasion."

Kentucky adopted a mileage tax in 1932. That one lasted till 1938. The Kentucky Revenue Commissioner said it "was most difficult to administer."

Minnesota passed a type of weight-distance tax in 1936. It was repealed in 1949.

Oklahoma dropped its mileage tax in 1939 after 16 years of frustration and a 1935 bill calling for from 25 to 50 ports of entry (in Oklahoma!) to collect the tax.

Tennessee reported that "a large force of state employees was required to check and maintain" tax records for the mileage tax that state repealed in 1939.

West Virginia repealed a ton-mile tax in 1951.

Wisconsin had its ton-mile tax declared unconstitutional in 1953 after exemptions necessary to reduce administrative headaches had riddled its application.

Kansas, Utah and other states have also tried and rejected weight-distance taxes.

In every instance in every state weight-distance taxes have been repealed because of their high administrative costs, open evasion, and deadening effect on relations between states.

You may have noticed when I was relating the experience of the states which had tried and rejected the weight-distance tax that the dates I quoted seemed long ago and far away. Unfortunately, few people have taken the time to acquaint themselves with the history of weight-distance taxes and are thus susceptible to the avid promotion of weight-distance taxes by opponents of the trucking industry. I hope that this Committee will take a serious and close look at the experience other states have had with weight-distance taxes, but if more recent experience is desired, allow me to cite some examples from within this last year. Wyoming has a ton-mile tax. This last year the Wyoming legislature hired Wilbur Smith & Associates, an independent consultant firm, to study the Wyoming tax structure. Wilbur Smith found that it typically costs a motor carrier more in record keeping and delay than that carrier paid at the Wyoming ports of entry.

Colorado has a ton-mile tax. At a recent meeting of the Western Conference, Council of State Governments, a representative from Colorado complained loud and long that evasion of the Colorado ton-mile tax was rampant because ports of entry were easily avoided, all of which was diverting more traffic to Colorado's secondary roads than those roads were built to accommodate. In Idaho a series of newspaper articles out of Lewiston showed that the Idaho weight-distance tax was being continually evaded, with great revenue lost to the state.

The best example of the shortcomings of weight-distance tax, however, comes fromm Oregon, often considered the archetypal tax state. Oregon uses ports of entry, internal ports, observation reports from highway patrol and PUC personnel, carrier reports, and a large staff of auditors to enforce its weight-distance tax. Currently, Oregon has 66 permanent ports of entry, border and internal, whose primary purpose is to record the movement of trucks. Yet last year an Oregon Senate Task Force recommended three new permanent ports of entry, 10 new portable ports, and 192 additional staff to enforce the weight-distance tax at a cost of $12 million to the state. The Senate task force report claimed that the salaries of the 192 additional staff would be more than made up by the additional weight-distance taxes they would collect. At a conservative estimate of $12,000 salary and overhead to the state for each new staff person, that means over $2.3 million in weight-distance taxes is known to be uncollected or evaded each year in Oregon. How much weight-distance tax revenue Oregon is actually losing us unknown, as verified by a study by Stanford Research Institute which showed that it is impossible to verify reported mileage through audit unless the taxpayer kept accurate records to begin with. As far as its administrative costs for the weight-distance tax, the Oregon DOT admitted in its 1980 cost responsibility study that its administrative costs totalled 10 percent of weight-distance tax revenue, but did not include in that figure the highway patrol time spent on observation reports or the capital invested in ports of entry and other enforcement facilities, inclusion of which would bring the Oregon administrative costs well within the traditional 10 to 20 percent experienced by other states which have administered a weight-distance tax.

Recent comments by the officials of the U.S. DOT and the FHWA show that a federal weight-distance tax collected by the states may still be under active consideration. The state experience described above shows that such a tax imposed by whatever level of government is an administrative nightmare. Certainly in these days of "New Federalism" the Federal Government would not want to impose a tax which would require 42 states to create a new bureaucracy.

Even among those who advocate weight-distance taxes the experience has not been all that attractive. The reason is simple; no tax, however fair on its face, is a good tax unless it can be collected and collected at a reasonable cost. What, then, is a good tax? The answer is practical to the point of being mechanical: a good tax is unavoidably paid by the taxpayer at the time the taxpayer is obtaining a necessity. Efficiency is obtained because the taxpayer cannot avoid the payment of the tax. Costs of administration are kept low because the government has a third party, the purveyor of the necessity, to keep track of the taxable transactions. Equity, on the other hand, is obtained through proper tax rates for various classes. That is the outline of a good tax, at least from the governmental point of view. Registration fees fit this pattern; highway users must pay registration fees to obtain the license plates necessary for operation on the highways. Fuel taxes fit this pattern of a good tax; fuel is a necessity for operation on the highways and a third party keeps track of the taxable transactions. Weight-distance taxes, however, do not meet the pattern of a good tax. Mileage is the result of operations on the highways and not a necessity to those operations. There is no one and no thing issuing mileage on the highways; there is no independent third source to verify the taxable transactions. Thus, even if weight-distance tax rates are equitably established the tax cannot be collected and collected at a reasonable cost, failing entirely as a good tax.

Why do weight-distance taxes exist in eight states and why do proponents of weight-distance taxes continue in their ardor? Weight-distance taxes exist in eight states for two reasons: First, like all taxes or regulatory structures, an economy has grown up around the weight-distance taxes and that economy does not wish to see them discontinued. That economy consists of those who are exempt from paying the weight-distance tax and those who evade, partially or fully, its payment. Second, the weight-distance tax is a particularly labor-intensive tax to administer and a bureaucracy commonly grows up around its existence. Bureaucracies, of course, are hard to eliminate.

Proponents of weight-distance taxes tend to be particularly evangelistic for two other reasons. Some have grasped the simplistic arguments which support weight-distance taxation without examining or understanding either experience states have had with this tax or the inequities which develop because of its ease of evasion and high administrative cost. The other proponents, and I refer specifically to the railroads, seek only to turn back the clock. Once the railroads were the dominant mode of transportation. Today that is no longer so, but not for the reason the railroads propound. Rather than suffering from unfair competition, the railroads have instead suffered from the changes in marketing and distribution patterns in the United States. The fact is that railroads and trucks offer very different types of service; rate differences are not the controlling factors as argued by the railroads. A study by SRI International demonstrates that rails and trucks are actually competitive for only about 25 percent of the tonnage in the United States. While the rails argue that they simply seek competitive equity, the facts are quite different, there is very little significant competition between rails and trucks, and even there the shipper choice is most often determined by factors other than rates.

The second half of the rail argument in favor of weight-distance taxes relies on a distortion of the AASHO Road Test axle load equivalency factors. In brief, it can be said that highways are designed to handle the axle loadings from an expected volume and mix of traffic over a certain period of time. To establish the cumulative axle loadings which the highway must handle requires the conversion of the various axle weights present in the traffic mix into one standard "equivalent" axle weight. That statistical step is the sole purpose of the axle-load equivalency factors. Once the cumulative axle loadings are known, the highway is designed to fully accommodate them without failure--"damage" is designed out of the highways through increased pavement thickness. Rather than relating to relative highway "damage," the axle-load equivalency factors relate to relative thickness to accommodate axle loadings; but those increases in pavement thickness cost little relative to other elements of highway design and construction. The cost of additional pavement increments for heavier axle loadings is certainly not of the order suggested by the axle-load equivalency factors themselves.

One final note on what a weight-distance tax really means. In the western region for-hire carriers account for only 12.7 percent of all regular trucks (which excludes pickups and panels) and only one-third of all heavy trucks, including combinations. The rails are not now and have never been in direct competition with private carriage, the other two-thirds of heavy trucks. Yet, a weight-distance tax will affect every business which desires to distribute its own goods. Similarly, over 68 percent of all western communities have no rail service whatsoever. Yet, a weight-distance tax will relentlessly apply to the only freight service those communities have, the service they depend upon for survival. In sum, the rails desire taxation of the 67 percent of heavy trucks with which they do not compete and the 68 percent of service to communities they do not serve in the name of "competitive equity." Such taxation carries too great a price.

One element of the current federal highway user tax structure suffers from the same administrative problems as weight-distance taxes. But this tax, the Federal Highway Use Tax, is salvagable. The Federal Highway Use Tax is currently a self-reported tax administered by the Internal Revenue Service. At the time the Federal Highway Use Tax was instituted, the IRS wanted no part of it. That lack of interest shows today, as there is no national enforcement procedure out of the IRS. Enforcement is left to each IRS region and languishes there. Estimates of uncollected Federal Highway Use Taxes run as high as 40 percent. Naturally, those who do pay the tax favor better enforcement before any increase in the tax rate compounds the problem.

Better enforcement, even full enforcement, is possible. A simple change in federal law would allow the states to collect the Federal Highway Use Tax at the time of vehicle registration. The state license plate would thus become the feasible evidence of tax compliance. The states would retain a percentage of the revenues collected to offset their collection costs. Details could be worked out with the motor vehicle administrators of the states through their national organization, the American Association of Motor Vehicle Administrators.

Taking this improved collection of the Federal Highway Use Tax one small step further can also alleviate a nagging international problem. Currently, some Canadian vehicles operating in the United States are liable for the tax, some are not, and some operate in the grey area of tax liability. On our side of the border, U.S. vehicles operating into Canada pay the full Federal Highway Use Tax even though they spend a portion of their time outside the country.

If states were allowed to collect the Federal Highway Use Tax at the time of vehicle registration, it would be a very simple matter for the tax to be apportioned internationally; that percentage of the tax would be due from all vehicles of whatever origin operating in the United States according to the percentage of total miles those vehicles operate everywhere. States already administer apportioned vehicle registration systems, such as the International Registration Plan. This would not be a major change. The benefit would be that all vehicles operating in the United States would do so on an equitable tax basis.

RE: Senate Public Works and Environment Committee
Sub-Committee on Transportation, Senator Symms, Chairman
Hearing: Federal Highway Cost Allocation Study
Lewiston, Idaho
September 3, 1982

Good morning. My name is Timothy W. Wilson. I am employed by May Trucking Company, an Idaho corporation based in Payette, Idaho as its Corporate Counsel. I have been involved in the transportation industry for eight years, hold an MBA in transportation, and have been in my present position for two and one-third years.

May Trucking was founded as a sole proprietorship in the late 1940's by Clarence May. At that time it was primarily a cement hauler and flatbed carrier. In the late 60's it was incorporated; in the early 70's control passed to Clarence May's two sons: C. Marvin May and Blaine F. May. Over the years it has grown until it presently operates approximately 350 tractors. Its fleet is comprised primarily of refrigerated and insulated vans, but also includes bulk sugar tankers, flatbeds, and open top trailers for the transport of agricultural commodities. Its authority has grown from local authority centered on Malheur County, Oregon and southern Idaho to authority to handle general commodities between all points in the continental United States in addition to intra-state authority in Idaho and Oregon.

May Trucking Company opposes the implimentation of the Federal Highway Cost Allocation Study primarily because it paints an incomplete picture. While the weight of vehicles relied upon by the Study as the primary basis for allocating cost among vehicle types, there are other factors ignored by the Study that play a significant part in the actual deterioration of highways. The implimentation of a proposal that inaccurately represents the comparative responsibility for highway costs is important to the trucking industry and to May Trucking because of the adverse effect it would have on industry competitiveness – an adverse impact that would clearly be unjustified were a more complete and accurate cost structure employes.

It should be kept in mind that the Federal cost increases implied by this Study are not the only operating tax increases facing trucking. California more than doubled its operating taxes between 1981 and 1982. Other states are implimenting increases or are formulating proposals to do so. The impact of these increases between the first quarter of 1981 and the first quarter of 1982, measured as a percentage of revenue, has been an increase of approximately one-third. Profit margins in the industry are now so slim that there is no room to take additional operating taxes out of profit. Many carriers have no profit; even those that are more fortunate would require rate increases to cover tax increases, thereby decreasing the competitiveness of the indutry in general. There is simply not enough "fat" in this industry to justify cross-subsidizing other transportation sectors through truck operating fees in excess of costs. The remainder of my presentation will be devoted to exploring factors not adequately considered by the Federal Highway Cost Allocation Study that tend to imply non-truck related cost sources of the present pothole-riddled state of our highways.

Throughout the bulk of its history, Federal programs aiding states in the construction of highways have concentrated on the construction of new highways or the complete reconstruction and major expansion of existing highways. Funds have not generally been available for routine preventative maintenance, this task being considered the proper province of state and local jurisdictions. The manner in which states have dealt with this situation has been dysfunctional in that states have frequently postponed or ignored a continuing program of preventative maintenance because they found it more profitable to allocate state and local funds to match federal funds for new capital projects and had few funds left over for preventative maintenance. I had the privilege of observing a hearing of the 1973 Oregon House Transportation Committee charied by Pat Whiting (R - Tigard). In that hearing, Robert Burco, then director of the Oregon Department of Transporation, testified that Oregon policy had been to consciously allow highways to deteriorate to the point that their reconstruction would be eligible for federal funds rather than to perform preventative maintenance, which had a lower total cost but which required more state funds due to refusal of the federal government to participate. While Mr. Burco did not testify that there was no preventative maintenance program or that this was the practice on all state highways, he did cite this practice as being a major contributor to the accumulation of deferred maintenance on state highways, which at that time totaled approximately two billion dollars. While it is clear that deferred maintenance in Oregon and other states must be paid for at some time if the roads are to be usable, it is the position of May Trucking that this deferred maintenance due to the conscious decisions of state decision makers is not the particular responsibility of the trucking industry and that the trucking industry should not be forced to take on an unfairly large share of this burden.

Blaine F. May, May Trucking Executive Vice-President, has been appointed to an Idaho committee composed of both state transportation officials and of industry representatives. The purpose of this committee is to study highway funding and the impact of the motor carrier industry on highways and to make recommendations for state legislation to improve state funding for the maintenance of highways. The importance of this state level discussion to a federal hearing is that, in the past, highway maintenance has been almost exclusively the provinceof states and local governments. The present under-maintained state of highways can be traced largely to problems in the state system for funding highway maintenance.

As the result of his participation in this committee, Blaine May developed the view that alleged underpayments of the trucking industry for highway maintenance could be divided into two types: first, that due to underpayment of any individual truck, and; second, that due to ineffective collection - payments that are never made because of failure to report or of under reporting of truck miles. In the Idaho context, the vast bulk of maintenance underpayments attributed to the motor carrier industry could be attributed to ineffective collection.

It is the May Trucking position that the problem of undermaintenance of highways cannot be effectively dealt with without dealing with the collection problem. It is relatively simple to audit a company such as May Trucking Company. In the normal course of its business, it keeps a wide variety of records which it uses to facilitate billing of customers which may be audited by pertinent state and federal officials to determine compliance with state and federal user fee laws. Carriers which do not have well-maintained records, "gypsy" truckers, or others which may use trucks partially in connection with their own business and partially for-hire to others are not presently effectively audited as are regulated motor carriers. The estimate that Mr. May developed from his committee work was that Idaho could double the user fees collected from the operation of trucks if it could obtain 100% collection of those user fees presently owed but evaded by unscrupulous operators of motor trucks.

Should the state and federal governments react to this situation merely by raising the user fees on those carriers which presently comply with the law, consider the consequences. Those carriers would become less competitive and would be subject to loss of market share and/or going out of business.because of increased costs. Those carriers not presently paying user fees according to law would continue to evade these taxes and therefore would not be subject to erosion of market share. Logically, then, as a lower proportion of truck miles driven is driven by tax-paying carriers, the state would lose that revenue which had formerely been supplied by the reputable carriers while the uncompensated uhighway use by the tax evaders would continue. Following this process one would still be faced with the problems of ineffective collection and undermaintained highways, however an important part of the motor carrier industry, the tax revenue derived from it, and those dependent upon it would be out of business and out of jobs. The goods formerly transported by that sector would either be transported at much higher prices or would not be transported at all, thus harming industries other than the trucking industry. The evadors and the pot holes would remain. It is, therefore, the position of May Trucking Company that efforts to catch up on deferred maintenance through increases in user fees would be ineffective from the highway maintenance standpoint and destructive to the motor carrier industry if that effort is not preceeded be efforts to increase the effectiveness of colloection.

Finally, I would like to deal with the issue of cross-subsidization or urban passenger transportation by intercity transportation. When the Interstae and Defense Highway program was established, its emphasis was on intercity freeway segments bypassing major metropolitan areas with gateway spurs to those areas. It did not anticipate funding for intra-urban passenger transportation characterized by high surge flows during the rush hours and high capacity requirements geared to those peak travel times. In recent years, however, the bulk of the dollar value of construction has been for urban freeways whose construction is characterized by high land aquisition costs and by high construction costs due to the need for elevation or depression of the freeway, complex bridging, overpass, and viaduct situations, and the need for numerous lanes in each direction. The passage of trucks, buses , and cars over intercity highways in mixed freight and passenger service has provided federal funds that are restricted to use for new construction. .This new construction recently has been primarily for urban passenger-oriented freeways, thus milking the inter-city, mixed traffic network to subsidize constrution of extremely expensive urban freeways.

Even if one were to accept that urban passenger transportation were worthy of outside subsidization and the the inter-city transportation of passengers and freight were the appropriate source of that subsidy, upon investigation one finds that these monies are not necessarily being spent in the most cost-effective fashion so that the level of cross-subsidization can be minimized. As an example, let me cite a series of studies conducted in the Seattle, Washington area as part of the developement of a comprehensive transportation plan for that region in the early- and mid-seventies. These studies were conducted primarily under the control of the Municipality of Metropolitan Seattle (METRO) and the Puget Sound Council of Governments (PSCOG). In Phase II of that study, published in August 1976, recommendations were made for further study of a variety of alternatives ranging from staggering of work hours and modification of parking regulations to increased express bus service and possible light rail transit service on selected corridors within Seattle. It was proposed that this broad range of alternatives be submitted to "alternatives analysis" then required for federal funding by regulations of the Urban Mass Transit Administration (UMTA). However, in the Phase III report of that project, *Results of Public Review of Transit Alternatives Beyond 1980*, Published by METRO in December 1976, alternatives recommended for continued consideration were not recommended on the basis of anticipated cost-effectiveness: "Alternatives analysis is a planning requirement of the Federal government designed to carefully analize the justification of transit operators for requests for major capital expenditures for transit. This direction has been modified. A major impetus for the modification was /¯UMTA's 7 unwillingness to fund alternatives analysis here in Seattle/King County. Mr. Robert Patricelli, Administrator of UMTA, visited Seattle in October 1976 and indicated that UMTA felt that funding of alternatives analysis was an initial commitment to an eventual /¯ passenger 7 rail start. He indicated that such a commitment counld not be made to Seattle. He did indicate, however, that UNTA would fund further planning that involved an all bus system on a metropolitan wide basis."

In short, the Federal position at that time was that comparative cost benefit analysis would be conducted only if it excluded all alternatives except buses in mixed traffic. Non-transit options were not to be considered even if preliminary indications suggested that they would be more cost-effective. This is important to our present situation in that it indicates that funds being diverted from intercity freeways serving mixed passenger and freight traffic to urban passenger transportation in the form of both urban freeways and urban transit are not being spent in the most cost effective fashion, but according to the predisposition of unelected federal bureaucrats and imposed upon state and local agencies actually determining local needs.

It is the position of May Trucking Company that even if urban passenger transportation is found to be so important that is deserves subsidization from other funding sources, that the inter-city transportation of freight is an inappropriately narrow source of funds to provide this cross-subsidization. This is so because the financial picture of the private industry providing motor vehicle freight transportation, weakened in recent years by the general recession and by adjustments to deregulation, is not well-placed to provide funds to extraneous issues no matter how worthy. If urban passenger transportationis of such social importance that it deserves subsidization, it should come from a broad base just as other services such as police are provided from a broad base. Further, it is May Trucking's position that if cross-subsidization is provided, that cross-subsidization should be based on providing the most efficient means of moving urban passengers rather than on the personal will of federal bureacrats imposed on the states.

In summary, I have developed three areaa of highway cost which are totally ignored by the Federal Highway Cost Allocation Study. The first was inadequate preventative maintenance by conscious decision of state officials to maximize their use of "free" federal funds for capital grants at the expense of preventative maintenance. The second was the uneven distribution of costs among trucks due to ineffective collection of user fees from "gypsy" truckers for maintenance of highways. The third was cross-subsidization of urban passenger transportation by intercity passenger and freight transportation aggrevated by selection of projects in the urban realm without regard for cost effectiveness.

It is the position of May Trucking that the failing of the Federal Highway Cost Allocation Study in that it is too narrow in scope and fails to consider costs arising from non-weight related sources. While it is clear that deferred maintenance, for example, must eventually be paid, it is not clear that the trucking industry should be shouldered with a disproportionate share of this burden. Prior to implementation of this study, non-weight related sources of highway expense should be measured and included to obtain a more complete picture of the cost of operating our highway system.

September 3, 1982

BEFORE THE SENATE SUBCOMMITTEE ON TRANSPORTATION, LEWISTON, IDAHO
FIELD HEARINGS, SENATOR SYMMS PRESIDING

STATEMENT
R. L. Henry, Administrator, Idaho Transportation Council

Idaho agriculture has three, perhaps four, specific interest positions with respect the level of support and the basis of funding of the federal interstate highway program. This statement is offered in behalf of the the Idaho Wheat Commission, Idaho State Wheat Growers Association and Idaho Bean Commission which are large enough elements of the state's agricultural makeup, we believe, to be considered representative of the industry. We are gratified at the opportunity to be here today and offer these views.

An Idaho grower or rancher uses the highway as a private citizen for passenger car, light van or pickup travel in the same way as any other. He uses it, as well, as an essential element in primary support of agricultural operations drawing in production supplies and moving crop outputs to a point where they are surrendered to another for on-haul to market. At that point his concern is not ended as the costs and efficiency of that carriage are an important determinant of the price he will receive for his goods.

Agriculture is a prolific user of highway service being one of the largest contributors of any industrial sector to total national vehicle and ton mile travel over local and interstate roads. Construction of the interstate systems resulted in fuel savings, increased highway transport efficiency and lower shipping charges. As a nation we gained in the real increase in GNP as American goods, competing against products offered by other countries, were sold at prices set in a world market. Our balances of payments and trade were improved and worked as a counter force against inflationary pressures.

We are at a pivotal point with respect these national benefits. Much of our interstate system has reached the life designed in construction and more will soon be in that posture. The shift in federal and matching state programs is from new construction to an emphasis on resurfacing, repair and maintenance. Agriculture, with a vital stake in preserving the benefits of efficient market access, supported the programs which brought us the interstate system and does support those programs which will preserve the national investment in that system.

The change in program emphasis, from construction to maintenance and resurfacing, called for reappraisal of the costs which should be borne, properly, by each class of highway user and the residual balance of expenses which should be apportioned fairly to all users. Congress wisely mandated such study and the US DOT Final Report On The Cost Allocation Study, recently issued and subject of this hearing today, was a result.

While a great many American interest groups, who make up highway users in total, have a real concern in the conclusions drawn from the study, only a relatively few are able to expertly assess either the methodolgy or accuracy of the measurements and projections made in the highly technical engineering functions included in such a work. We can make no claim to the required expertise and do not pretend to have such knowledge.

The Cost Study, however, appears to be comprised of both objective facts and subjective interpretation, estimate and conclusion. One part of the study, accomplished in reference to incremental costs attending highway attributes designed for differing size and weight classes of vehicles, confirms that heavy vehicles have paid their share of cost under existing use tax formulas. On the basis of this showing it would follow that increased funding needs should be levied to highway users by raised use fee and excise taxes within the existing frame work of the existing tax formula.

DOT, however, incorporated additional factors for consideration in another part of the report. In this procedure AASHO studies of pavement wear and failure under a variety of design standards were a focal point. DOT purposes, in this reapproach to cost allocation, were to accomodate the change from a highway funding identified to initial construction cost to one in which repair and resurfacing costs assume positions of major program expense. In these findings (partly objective and partly subjective), a significant shift in allocation of costs is made. Heavier vehicles were seen to be responsible for a far larger proportion of total cost support than they are presently.

Naturally severe criticism followed from those elements most adversely impacted. Claims, by responsible but recognizable interest groups, are made that the findings are unfairly biased against heavy vehicles. They aver that DOT erred in projecting levels of growth in heavy truck travel, and that shifts away from incremental cost assignment are improper.

The crux of the contest swings on whether time, climate, chemicals and vehicle miles (regardless of vehicle weight) as a group, or heavy vehicle axle loadings are the chief cause of pavement wear and highway deterioration. These are issues well suited to specific scientific analysis and measurement and should be addressed in that context of resolution. We are unable to add any meaningful comment on the point beyond that recognition.

It is our position that support of our highway system is essential and that each class of highway user should contribute its fair share of the needed revenue. This is seen to take in all costs directly and precisely attributable to each individual vehicle class and their proper share of program expense which remains as a residual amount unassigned in tnose allocations.

It is our position, also, that federal highway taxing programs must not be made an instrument of social or political pressures to in any way alter the attractivness of the offerings of railroads versus highway carriers. An improper tax burden on heavy trucks must not be seen as a means of repairing the fortunes of ailing railroads. Such an artificial economic force must not be put into play in our highway tax or our waterway user tax structure. All vehicle classes must assume their full tax responsibility, but it must be accurately and fairly measured.

For many years antagonist groups have urged that trucks were provided with a right-of-way subsidy because they were undertaxed. These forces make the same advocacy with respect shallow draft waterway user tax proposals. Those attitude campaigns have been conducted so long that much opinion shaping has taken place. Congress must make absolutely certain that subliminal recall of anti-truck and anti-waterway claims do not shape the subjective parts of the cost allocation report.

Idaho agricultural interests urge each class of highway and waterway user be burdened only with its precise and proper measure of tax support, that this be enunciated as the national transportation tax policy and that the new highway cost allocation study be impartially reviewed to make certain that it achieves those ends.

Thank you for allowing us to make this expression.

THE
INLAND EMPIRE
CHAPTER

Phone (509) 535-0391
E. 4935 Trent Avenue
P.O. Box 3266, Terminal Annex
Spokane, Washington 99220
•
SKILL
•
RESPONSIBILITY
•
INTEGRITY
•

Testimony of

MONTE GEIGER

for
Inland Empire Chapter
Associated General Contractors

before the

Subcommittee on Transportation
of the
Senate Committee on Environment and Public Works

September 3, 1982

on the issue of

CURRENT HIGHWAY NEEDS vs. EXISTING HIGHWAY REVENUES

Mr. Chairman & Members of the Subcommittee:

My name is Monte Geiger, and I am appearing before you today in my capacity as Director of Governmental Services and Safety for the Inland Empire Chapter, Associated General Contractors, located in Spokane, Washington.

Our chapter represents 120 contracting firms performing contract construction in the Pacific Northwest.

Construction is the largest industry in the nation. The economic fortunes of the nation and the construction industry depend totally on the condition of each other. Unfortunately, today, not only is the economy of the United States sluggish, but construction's share of the gross national produce has declined from an historic 10 percent to 7.8% in 1981.

High interest rates and the current recessionary climate are taking their toll on the construction industry. As significant as these problems are to our industry, our greatest fear lies in yet another area--the current federal policy of "no growth" capital investment in our nation's infrastructure, particularly its system of highways and bridges.

It is a frightening, but unavoidable fact that America's public facilities, particularly its highways, are wearing out faster than they are being repaired or replaced. Extensive hearings before the Congress have established, for example, that:

- Almost half the Interstate system will need major repairs by 1995 and other highway systems are in even worse shape.
- More than half the Primary system will reach the end of its design life during the 1980's.
- Almost 40% of this nation's bridges were built before 1940, and 45% of our bridges are already judged deficient.
- 8000 miles of the 42,500 mile Interstate System and 13% of its bridges are now beyond their engineered life and must be rebuilt. Two thousand miles (2000) of this system are deteriorating each year, requiring reconstruction.

In our Chapter's jurisdiction in Eastern Washington, four districts (#2, #5, #6) of the Washington State Department of Transportation, there is a specific need to rebuild roads and bridges. Projected costs for the next six years are:

-	Resurfacing & Reconstruction:	325.0M
-	Bridges:	13.9M
-	Safety Improvements:	11.0M
-	Misc. Safety:	7.3M
-	Category C (Non-Interstate System)	87.6M

Outlook for needed improvements on the non-interstate system is very grim--availability of local funds to finance this needed construction is a serious concern of the WSDOT.

In the ten northern counties of Idaho, a similar scenario is present.

Cost to complete the Interstate through Northern Idaho is $126 million Much of this cost--$70 million--is due to various delays by concerned groups and special interests. Idaho is concerned in not having the funds to build this gap. We believe all concerns have been addressed by the Idaho DOT and it is time to finish this much needed system. After all, it is to the benefit of all citizens and highways users of this entire nation.

Projecting the financial needs of Northern Idaho in the next six years to keep the system operating, they are as follows:

- Reconstruction & Resurfacing: 225M
- Bridges - critical in Northern Idaho - 175 bridges structurally deficient and should be replaced immediately: 91M

There is a total need for 149M to replace deficient and obsolete bridges.

The two Districts receive a total of 20M for ten years for bridge replacement, etc. At this rate, we will never catch up--unless we act now.

"4-R" NEEDS: $37.9M

This is a major concern that all these projected needs will not be met because of the lack of necessary financing at the State level.

Despite these needs in Washington and Idaho, all levels of government, including cities and counties, taken together, are currently spending only half of what is needed just to keep this nation's highways and streets serviceable, and let us not forget, the basic four cents (4¢) per gallon Federal highway user fee has not changed since 1959 and is now worth less than a cent.

Clearly, increased revenues are needed now to ensure that our highway system, including the bridges on that system, are not allowed to fall into further decay.

And what is the impact of this underinvestment in highway on the transportation construction industry? According to the Business Economics Division of Dun and Bradstreet, more highway and street contractors failed in the first six months of 1981 than failed in either 1977, 1978, 1979 or 1980. In addition, economic conditions in general have forced many construction contractors to close their doors and go out of business.

Adequate levels of investments in our nation's highways and also in local systems, counties and cities, are essential for a healthy national and local economy.

And what about unemployment? Overall unemployment in the country is now over 9%--in Spokane it is 12.4%, and in parts of Northern Idaho it is 25%. Unemployment in construction, however, is more than twice that level. I would suggest that just as the adequate investment levels in highways will spur business development and investment, so too will the construction and reconstruction of those highways create jobs. The Road Information Program (TRIP) reports that each $1 billion dedicated to road and bridge improvements generates 26,300 direct construction jobs and 36,700 supporting or induced jobs. Clearly, an increased highway program can serve as the cutting edge of any effort to increase employment.

Delay is also contributing to the problem. Finishing I-90 through Idaho is a good example. The time consumed in building highway projects is increasingly being determined by government regulations and requirements. Unnecessary delays decrease real capital investments as projects take longer to be put into place.

The solution? There is really only one--to provide for the necessary increases in spending on highways, especially at the federal level to be filtered down to the local levels to meet their needs.

At the federal level, AGC continues to recommend that (and locally we support):

- The Federal-aid highway program be immediately increased to at least $12 to $13 billion per year (may not be ample amount of money).

- There be the equivalent of at least an immediate doubling of the federal highway user fee.
- The cash balance in the highway trust fund be expeditiously reduced to $2 to $3 billion.
- The imposition of obligation limitations, which force the Federal-aid highway program to operate below authorized levels, be discontinued.
- The Highway Trust Fund be extended indefinitely and removed from the unified budget.
- All types of energy used to propel vehicles over the highways be subjected to the imposition of user fees.

AGC strongly supported Secretary of Transportation Drew Lewis' proposal to increase federal highway user fees by the equivalent of 5 cents-per-gallon, which would increase revenues by $5 to $6 billion annually. We did so in the firm belief that this nation's economic future is vitally linked to an adequate transportation system. We did so in the firm belief that Secretary Lewis offered a realistic, workable and equitable proposal that would provide the user fee revenues and the program authorizations that we believe are required to ensure that our highway transportation system will be adequately maintained.

We at AGC had of course hoped that it would have been the decision of Congress and the administration to increase user fees this year and to enact a multi-year highway authorization with funding levels based on that fee increase.

Since a decision on a revenue increase for the highway program has apparently been deferred until next year, the AGC urges this Subcommittee to bring forth a measure that is limited to providing the necessary authorizations and approvals required to ensure continuation of highway and highway safety programs through FY 1983.

AGC does not support including in such a measure the many policy issues contained in current multi-year highway bills before the Congress, such as proposed changes to apportionment formulas.

We favor deferring all such issues until 1983 when, hopefully, they will help to assure maximum support for a multi-year transportation measure that is based on a vitally needed increase in revenues. Including such issues in a one-year measure this year will only assure that it could languish in conference long past October 1.

Our nation's highway system underpins our economy, but it is decaying due to inadequate investment levels. As America's builders, we at AGC are urging public officials at all levels of government to make timely provision for the future. Let us as a nation preserve and improve upon the quality of life that has been the by product of 200 years of investment in our transportation system. There should be no ideological differences of opinion on this critical issue.

Thank you very much.

TESTIMONY OF WALTER V. JONES, NORTHERN TESTING LABORATORIES, INC., BOISE, IDAHO, ON BEHALF OF THE CONSULTING ENGINEERS OF IDAHO, AND THE AMERICAN CONSULTING ENGINEERS COUNCIL

Mr. Chairman, my name is Walter Jones. I am a principal of Northern Testing Laboratories, Inc., a consulting engineering firm in Boise, and the recent past president of the Consulting Engineers of Idaho, a member organization of the American Consulting Engineers Council (ACEC). On behalf of ACEC and as a representative of the Consulting Engineers of Idaho, I am happy to have this opportunity to testify before the Subcommittee today.

Consulting Engineers of Idaho represents about 45 consulting engineering firms employing more than 630 professionals throughout the state, many of whom are involved in highway engineering projects.

The American Consulting Engineers Council is a nationwide federation of over 3,800 independent engineering firms in private practice representing more than 110,000 professional, technical and support persons. These firms range from one-man operations to multi-branch corporations.

Testimony previously presented before the Subcommittee has pointed out the crumbling condition of our nation's highway system. The Federal Highway Administration projects that the nation's principal roads and bridges will need more than $230 billion in repairs over the next few years. A sound highway system is in the national interest and is an important element of the national infrastructure. Measured steps can be taken to ensure a sound and efficient system for the future and we commend the Subcommittee's efforts to undertake a comprehensive review of highway and public mass transit system needs.

We would particularly like to commend the Subcommittee's efforts in introducing S. 2574, the Federal-Aid Highway Act of 1982. While passage of this act in its current multi-year authorization form appears unlikely this year, it is a good blueprint for the 98th Congress to work from in developing legislation to address the changing needs and priorities of our highway system.

As a commuter, I am aware of the damage, threat to safety and inconvenience that the decaying highway system is causing nationwide. As a consulting engineer involved in highway projects, I understand the effects of increased volume and axle weight on our roads and bridges and how important it is to develop a comprehensive highway bill to reflect the accelerated highway improvement needs resulting from these burdens.

ACEC supports the findings and recommendations of the Highway Cost Allocation Study currently being reviewed by this Subcommittee. When the massive task of developing a federal interstate system was initially enacted, the focus was on construction. Now that 95 percent of the interstate system is complete the focus should and must be on continued maintenance of our trillion-dollar federal highway investment. The Highway Cost Allocation Study properly shifts the burden of user cost from incremental to causal cost. ACEC believes this is a more equitable method of assessing user maintenance and reconstruction cost responsibilities.

Roads in the federal highway system were originally designed to have a 15- to 20-year lifespan. Many of these roads are now 30 years old. The increased volume of all traffic, particularly truck traffic, and the legal increase in allowable axle weight, are diminishing the lifespan of these roads at an alarming rate. ACEC supports the Highway Cost Allocation Study's finding that heavy trucks do not contribute their fair share to the trust fund.

Although my firm has not been involved in studies which specifically measure, the ratio of axe weight to road deterioration, I have received the comments of my ACEC colleague, Robert McFarlin, which were submitted to the Federal Highway Administration on October 29, 1980. He explained the fatigue factor of axle weight on road pavement and cited an example from an article in the 1967 McGraw-Hill Book Company publication, "Asphalt Pavement Engineering." This article indicated the vastly different effect on roads of heavy axles as compared to lighter ones. For example, ten passes of a nine-ton axle (five big semi-trucks) over a road or bridge structure do as much damage as 1,000 passes of a three-ton axle (500 smaller trucks). To produce equivalent damage in the same situation would require 25,000 automobiles.

ACEC believes that long-term planning for large public works projects is more efficient when coupled with long-term funding. Unfortunately, in the case of our nation's highway system, long-term funding has been inadequate. This has resulted in the need for major funding to be applied toward reconstructing a large portion of our highway system—at a much higher cost-benefit ratio than timely ongoing maintenance should involve.

ACEC strongly supports the "users pay" concept. However, highway users have been getting increasingly more mileage out of their user fees since the Highway Trust Fund was enacted 23 years ago. The relationship between inflation and fixed-rate taxes has been the most important problem. When enacted 23 years ago, the four-cents-per-gallon gas tax was about 12 percent of the retail price of gas. Today that same percentage would comprise about 15 or 16 cents per gallon—but it still remains at four cents. The difference between those levels represents a vast gap in funding commitments to the highway program today, as compared to 23 years ago.

It is very important to simply maintain the purchasing power in the same proportion as it used to be. We support what we call, for lack of a better term, an increase in the federal fuel tax as a reasonable and equitable means of correcting the past misalignment of users paying for highway costs. Ideally, the current fixed rate should be adjusted to inflation-proof the trust fund financial system. In effect, and in real value, the trust fund should be brought back to the purchasing power that it used to have and it should be restructured in such a way that it does not continually lose value to inflation. The initial influx of revenues must be committed to correct current federal-aid highway needs if we hope to bring our nation's highway costs down to an efficient long-term planning and funding program at the federal and, more importantly, the state and local levels.

Engineering research studies on preventive maintenance have determined that maintenance provided at a certain level of highway wear can result in one dollar of road improvements for each dollar spent on maintenance. However, if a road receives only 10 to 12 percent more axle use, the cost jumps to between four and five dollars of road maintenance needed for each dollar in road improvement. Thus, any increase in the traffic volume over time will inevitably necessitate more funds to maintain roads in operable condition. If increased revenues are not found to correct current road maintenance needs, we will soon face road reconstruction costs four to five times greater than simple maintenance levels. This situation is not only already coming to pass, but is also exacerbated by spending preventive maintenance funds on reconstructing priority road projects. A major factor behind this trend is the lack of assured long-term highway funding, which leaves transportation authorities facing immediate crisis management at the expense of long-term infrastructure maintenance. This lack of long-term funding is an issue the Subcommittee badly needs to address.

ACEC believes that there is a proper federal role in transportation policy. An integrated national transportation network is essential for the needs of the nation's commerce and national defense systems. An effective partnership among federal, state and local government entities is necessary and can be achieved through federal deregulation and through delegating greater flexibility and responsibility to state and local governments in the decision-making process.

State and local governments are aware of the need to assume more of the burden of financing local, urban and secondary roads within their jurisdictions. Many local and state governments have been working with engineering firms such as ours to pinpoint areas where economic maintenance can most effectively stretch the available highway dollars. As already noted, however, the lack of assured maintenance funds over time leaves transportation authorities little choice but to use the limited funds available on immediate top priority reconstruction projects at the expense of maintenance programs. This places an unfair burden on state and local governments that are then faced with financing road upkeep.

During this past year my firm has worked with Ada County to help address its county road needs. The Ada county commissioners determined that 100 miles of roads per year need to receive some form of preventive maintenance to properly maintain the road structures at the least cost to the taxpayers. Our studies showed that county taxpayers could receive the one dollar benefit for the one dollar spent on preventive maintenance previously mentioned. Maintenance would involve such projects as chip sealing, pavement overlays and action to avoid moisture seepage into subgrade road levels.

Ada County's fiscal year 1983 budget was able to provide financing for only 30 miles of road maintenance—less than one-third the sum required to most cost-effectively maintain the roads. County commissioners projected that an additional $2.5 million per year was required for preventive maintenance.

Realizing the dangers of short-term funding, the commissioners decided to seek the additional financing needed to implement a long-term highway program, rather than do nothing now but pay more in the future for more costly reconstruction work. They launched a campaign to support an override levy to raise the $2.5 million necessary through a property tax increase. However, voters soundly defeated the override levy in June. Many involved in the project, as well as myself, feel their intention was right and the public education campaign was effective in presenting the highway revenue needs to the taxpayers, but the concept of "users pay" was not applied, and this contributed heavily to the levy's defeat.

I've raised this example to emphasize two points. One is that many state and local government entities are aware of the need for long-term planning and increased funding for highway programs. They are willing to assume responsibility for raising needed revenues, but cannot accomplish these projects without a Congressional commitment for federal-level measures to maintain our nation's highway system in a cost-effective manner. As you and the Administration are well aware, a major education program must be undertaken to better inform states, local communities and the business sector of the dire need to commit major funds for highway maintenance. ACEC is willing to assist Congress in this educational process, but a commitment on the part of Congress and the Administration is also needed. By readjusting the "users pay" formula suggested by the Highway Cost Allocation Study, Congress could begin to reaffirm its policy that those who use the roads pay proportionately for the upkeep of the roads.

ACEC supports a gradual phase-out of the federal role in secondary and urban highway programs. We believe it is reasonable to transfer responsibility for programs with no direct relationship to either interstate commerce or national defense to state and local governments. However, we believe that dedicated resources to fund these programs should also be transferred and remain dedicated to those programs.

A comprehensive long-range plan instituted by Congress to phase-out the federal role could be accomplished by incorporating several changes into the current highway program proposal. The Highway Cost Allocation Study points out the difficulties in federal collection of the heavy vehicle user tax and it relies almost entirely on the trucking firms' voluntary compliance. The federal government may benefit by enlisting state cooperation to enforce the tax by monitoring truck registration more closely.

States could also benefit from working with the federal government, particularly to deregulate federal highway standards and delegate states greater flexibility and responsibility in the decision-making process. Delegation of these responsibilities will cut decision-making process time and will help save money. Not only increased traffic volume negatively affects our highway maintenance ability. Time also costs. There is an average two- to three-year lag between the time funds are made available for highway programs and when they are actually spent. Inflation cuts the value of these funds and regulatory reform, particularly in the environmental impacts study area, could reduce this inflationary factor and help save money.

Greater flexibility among states in the decision-making process should be included in any gradual federal phase-out process. ACEC supports granting states the authority to transfer funds among the primary and urban programs and the primary and rural programs. We believe these provisions can assist the states in establishing their own priorities.

Mr. Chairman, I want to thank you again for the opportunity to present ACEC's views on these important matters and I will be happy to answer any questions you might have.

COMMENTS OF

ROBERT J. McFARLIN

BAKKE, KOPP, BALLOU & McFARLIN
CONSULTING ENGINEERS
MINNEAPOLIS, MINNESOTA

CHAIRMAN, TRANSPORTATION COMMITTEE

AMERICAN CONSULTING ENGINEERS COUNCIL

TO

FEDERAL HIGHWAY ADMINISTRATION

HIGHWAY COST ALLOCATION STUDY

Docket 79-9

U.S. DEPARTMENT OF TRANSPORTATION

WASHINGTON, D.C. 20590

October 29, 1980

COMMENTS OF ROBERT J. McFARLIN

The American Consulting Engineers Council (ACEC) is pleased to submit these comments on cost allocation for federal highways. ACEC is a federation of 49 state organizations and has over 3,700 member firms, many of which specialize in highway and bridge design.

The question of how to finance highways is becoming vitally important as the effects of inflation drive the costs skyward. While federal participation may increase in dollars spent, the percentage of costs covered may actually be decreasing. More fuel-efficient automobiles, efforts to conserve by the American people and the exemption from gas taxes for the production of gasohol have all led to a decrease in highway revenues.

Who should pay and in what proportion for highway and bridge costs? The Transportation Committee of ACEC feels that in large part heavy trucks and illegal overweight trucks are major causes of highway deterioration. We have unanimously passed a resolution to oppose any increase in present legislated truck weights until a national bridge inventory program and evaluation is completed and a thorough engineering and economic study of the long-range consequences to our national infrastructure is undertaken and completed by an impartial agency. As of the middle of last year, according to the General Accounting

Office, only 17 of the 50 states indicated that they had done some study of the impact of overweight trucks on pavement and bridge conditions.

The conclusions we have developed are:

1. Pavements and bridges can be worn out more quickly if:
    - a. Trucks are very heavy; and
    - b. There are large numbers of them.

2. Pavements and bridges can last much longer if:
    - a. Trucks are not so heavy; and
    - b. The numbers of them are less.

3. Pavements and bridges can last a very long time (longer than we can predict) if:
    - a. Trucks are prohibited with only automobiles permitted.

4. While not much can be done about numbers of vehicles, their weight can be regulated.

5. Trends in the past decade or longer have been to permit ever-heavier trucks. This factor by itself has resulted in vast deterioration of the highway system. And the destruction of our highways continues at an alarming rate.

6.
    - a. If such large trucks are to be allowed, then we should evaluate the cost of allowing them on our highway system. This-evaluation should be based on sound engineering principles and should be honest.
    - b. That cost, as calculated above, should be borne by those same heavy trucks.

7. This means:
   a. Since a very high proportion of the total damage and deterioration (some would say "almost all") to the highway system is caused by heavy trucks,
   b. They should assume the same very high proportion of the costs of upkeep, maintenance and replacement.

In order to explain this, it is necessary for me to attempt to explain the concept of fatigue of materials. The property of wearing out due to fatigue applies, in a general way, to all road-building materials. It is more precise for some than for others. But at least qualitatively, the following description will apply to concrete pavements, bituminous pavements, soils and bridges. They can all be worn out by fatigue.

In the discussion, a "load" may be considered the same as a "truck", with "heavy load" being interpreted as "heavy truck". A "cycle of loading" is one application and removal of a load, at a particular location, which may, therefore, be considered equivalent to "the passage of one truck" (or, more precisely, one axle) over the location.

The literature speaks of "several million cycles" and often of ten million cycles as a sort of upper limit. "Ten million cycles" would represent ten million heavy axles or, say, five million semi-trailer trucks (with its front axle not comparatively heavy and therefore not counted).

There are many locations where the traffic count includes 4,000 trucks per day or more. At 4,000 trucks per day, 1,250 days are required to reach five million trucks. And 1,250 days is less than four years. This is roughly the kind of time frame that can be involved in the destruction of a highway by very heavy trucks.

The attached page 1 shows some text from page 6-24 of the "Concrete Construction Handbook", McGraw-Hill Book Company, 1969. It indicates the general knowledge of reduction in strength of concrete due to "several million cycles of repeated loading".

Page 1 also includes a selection from pages 188 to 190 of "Asphalt Pavement Engineering", McGraw-Hill Book Company, 1967. This text indicates the vastly different effect of heavy axles, as compared with lighter ones. Note that an example is cited in which ten passes of a nine-ton axle (five big semi-trucks) does as much damage as 1,000 passes of a three-ton axle (500 smaller trucks). To do equivalent damage in the same situation would require 25,000 automobiles.

Page 2 shows a fatigue curve, taken from page 4-2 of "Structural Engineering Handbook", McGraw-Hill Book Company, 1968. This curve is for steel and applies directly to reinforcing steel in a pavement. It also applies in a very general way to the other materials. My notes show what it means.

All of this, if it is clear enough, will show that just a few large trucks can do damage far beyond their numbers, whereas automobiles do negligible damage to the highway system. If this relationship can be understood, between damage and destruction and shortening of highway life, caused by trucks as related to other smaller vehicles, then the purpose of these comments will have been accomplished.

FROM "CONCRETE CONSTRUCTION HANDBOOK"

26 Fatigue Strength

Information on fatigue properties of plain and reinforced concrete is still meager and effects of various factors on fatigue strength have not been reliably established. The following facts appear to be generally accepted[36]

1. The fatigue strength of air-dry plain concrete subjected to several million cycles of repeated compressive loading, for a stress range between zero and a maximum, is between 50 and 55% of the static ultimate compressive strength.
2. The fatigue strength of plain concrete in tension under similar loading is about 55% of the modulus of rupture.
3. The fatigue strength in flexure of plain concrete under several million cycles of repeated loading is about 55% of the static ultimate flexural strength for a range in load from zero to a maximum.
4. Plain concrete does not appear to have an endurance limit at least within 10 million load repetitions.
5. The age of the test specimens, conditions of curing, moisture content and range of stress may significantly affect the results.
6. Most fatigue failures of reinforced-concrete beams appear to be due to failure of the reinforcing steel, associated with severe cracking and possible stress concentration and abrasion effects. Beams with critical longitudinal reinforcement appear to have a fatigue strength of 60 to 70% of the static ultimate strength for about 1 million cycles.
7. Most fatigue failures of prestressed-concrete beams are due to fatigue failure of the stressing wires or strands and are related to the extent and severity of cracking. There is some evidence to suggest that prestressed beams are superior to conventional beams for resisting fatigue loading.

FROM "ASPHALT PAVEMENT ENGINEERING"

The PSI is not ordinarily employed directly in making a design, but it is explained here because it helps to furnish an understanding of the basis on which design charts derived from AASHO road-test data are constructed. By use of information from the tests, the engineers were able to estimate how many repetitions of an 18,000-lb. single-axle load would reduce a given paving structure to a PSI of 2.5. Or, to take a similar application, they were able to estimate how many inches of paving structure, expressed in terms of one certain material, would be required to withstand a certain number of 18,000-lb single-axle-load repetitions before being reduced to a PSI of 2.50. This is the fundamental basis for their design curves. When employed in equations or in connection with charts, PSI may be designated by p.

The use of 18,000-lb axle-load repetitions is an arbitrary one, involving the principle of *equivalent axle loads*. From the AASHO road-test data, relations were established whereby any axle load could be equated to an 18,000-lb axle load in destructive effect. For instance, for an equivalent structure thickness of 4 (structural number $\overline{SN}$) for a PSI of 2.5, a single-axle load of 6,000 lb equals 0.01 of an 18,000-lb axle in destructive effect. Sets of such equivalence factors are given in Tables 10-1 to 10-4.

Thus, in the case cited, if a traffic analysis reveals that there are one thousand 6,000-lb single-axle passes per day on a road, this is equivalent to 0.01 × 1,000 or 10 passes of an 18,000-lb single-axle load.

THIS LINE REPRESENTS A DESTROYED ITEM, CAUSED BY FATIGUE

THIS COULD SHOW THE WEIGHT OF A VERY HEAVY TRUCK

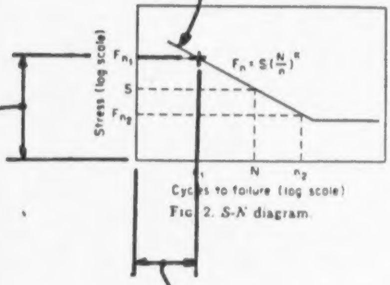


FIG. 2. S-N diagram.

AND THIS COULD SHOW THE FAILURE AT, SAY, 10 MILLION CYCLES

THIS COULD SHOW THE WEIGHT OF A MUCH LIGHTER TRUCK

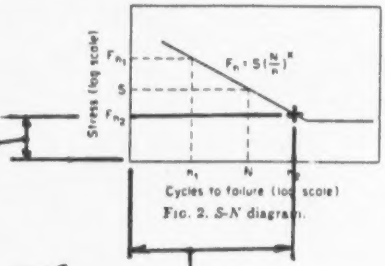


FIG. 2. S-N diagram.

AND THIS COULD SHOW THE FAILURE AT, SAY, 1 BILLION CYCLES

THIS COULD SHOW THE WEIGHT OF A NORMAL AUTOMOBILE

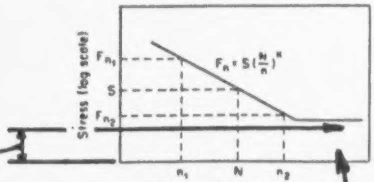
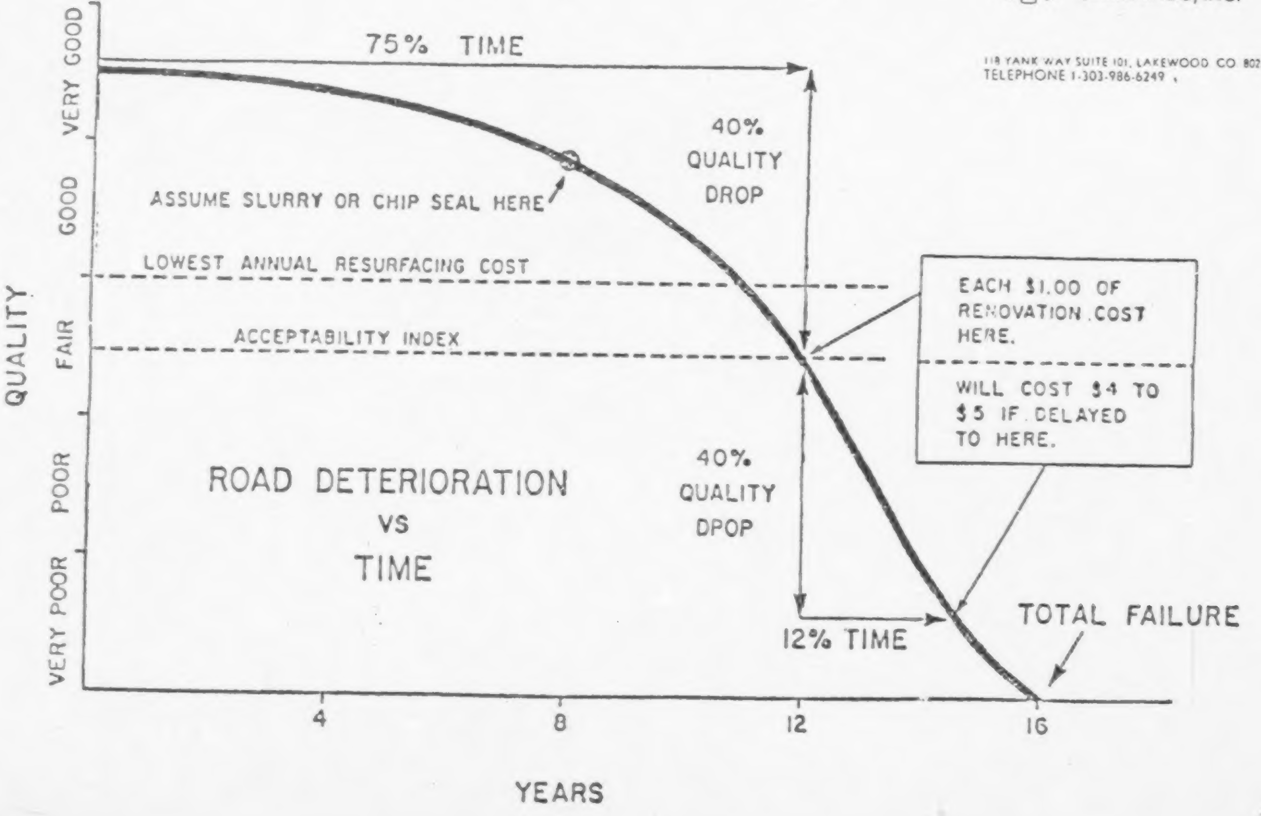


FIG. 2. S-N diagram.

AND THE FAILURE IS TOO MANY CYCLES (TOO FAR INTO THE FUTURE) FOR US TO PREDICT

PMS
PAVEMENT
MANAGEMENT
SYSTEMS
(COLORADO) INC.

118 YANK WAY SUITE 101, LAKEWOOD CO 80229
TELEPHONE 1-303-986-6249



STATE OF MICHIGAN
WILLIAM G. MILLIKEN, GOVERNOR
DEPARTMENT OF TRANSPORTATION
TRANSPORTATION BUILDING, 425 WEST OTTAWA PHONE 517-373-2090
POST OFFICE BOX 30050, LANSING, MICHIGAN 48909
JOHN P. WOODFORD, DIRECTOR

TRANSPORTATION COMMISSION
HANNES MEYERS, JR.
CARL V. PELLONPAA
WESTON E. VIVIAN
LAWRENCE C. PATRICK, JR.
RODGER D. YOUNG
WILLIAM C. MARSHALL

August 2, 1982

Honorable Steven D. Symms
United States Senate
452 Russell Senate Office Building
Washington, D. C. 20510

Dear Senator Symms:

I have been advised by the American Association of State Highway and Transportation Officials that the Senate Transportation Subcommittee may hold hearings on August 10th and 11th, to discuss the deterioration of the nation's highways.

The attached statement summarizes Michigan's position and I respectfully request that it be included as a part of the testimony at the hearings.

Sincerely,

John P. Woodford
Director

The State of Michigan is experiencing a severe decline in transportation revenue.

For 1982, the total dollars in Michigan's State Trunkline Fund are projected to be less than in 1975, while the construction cost index in Michigan has risen 43.3% and the cost to maintain state highways is up 117% from what it was in 1975.

In order to cope with decreasing revenue and to allow us to take advantage of the available Federal Aid, the Department has reduced its non-maintenance work force considerably. It has, for all practical purposes, eliminated the 100% State funded construction programs which, only a few years ago, were at the $50 million per year level and has opted for improvement alternatives which will require attention in a few years rather than desirable long-term improvements. Why? We simply have no money to spare and the funds must be placed where absolutely necessary. A good example of this is the work done on US-23, south of Flint, a four-lane freeway built in the mid 1950's that has reached its design life. The recommended solution was either to recycle the existing concrete pavement or remove and replace it. This would have cost approximately $1.5 million per mile. However, we only had funds for a thin bituminous resurfacing of the freeway. This is a temporary three to five year solution in lieu of the more permanent solution, which would have rendered US-23 relatively maintenance free for another 25-30 years. Poor economics? We simply had no choice.

We have also reduced our highway maintenance to the lowest levels in years and are looking at ways to further reduce it, such as less frequent roadside mowing, the closing of some roadside parks, postponement of non-essential repairs, etc.

Our highway needs, however, continue to mount. The bulk of our freeway network has reached a point where substantial improvement is needed in order to preserve the system, ironically at a time when our revenues are at their lowest point in many years. Our other highway systems are also deteriorating at a fast pace and unless relief is found, the cost to this state and local units of Government (Cities and County Road Commissions) is going to be unmeasureable in many areas. Our economy will suffer, the public will suffer, and the damage to our highway system may be too expensive to reconstruct within the forseeable future.

The Michigan Department of Transportation urges the U. S. Congress to provide additional Federal Aid Highway Funds to halt the deterioration of our highways, with more equitable distribution formulas, reduced federal controls and a reduced matching share to enable us to take advantage of the increased funds. To delay the needed action will only postpone the problem and increase the costs to improve the nation's highway network.

MICHIGAN DEPARTMENT OF TRANSPORTATION

August 2, 1982

SOUTH Dakota
Department of Transportation
Office of the Secretary
Pierre, South Dakota 57501

August 25, 1982

The Honorable Steven Symms, Chairman
Subcommittee on Transportation
Senate Environment and Public Works Committee
4204 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Symms:

Thank you for your letter notifying the South Dakota Department of Transportation that the Transportation Subcommittee of the Senate Environment and Public Works Committee has scheduled a hearing on September 3, 1982, in Lewiston, Idaho, to receive testimony on highway needs and how they can be addressed in view of existing highway revenues. Although a representative from the SDDOT will not be able to attend this hearing, we would like to submit written testimony for inclusion in the hearing record.

Enclosed is South Dakota's testimony on the four issues outlined in your letter of August 13, 1982.

Sincerely,

Eugene L. Rowen
Secretary of Transportation

ELR:ssf

Enclosure

cc: Sen. Abdnor
Rep. Daschle
Sen. Pressler
Rep. Roberts
Gov. Janklow
AASHTO

SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION

Written Testimony
(August 1982)

Submitted to the

SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE

Public Hearing

Lewiston, Idaho

September 3, 1982

on

"Current Highway Needs Versus Existing
Highway Revenues"

Public Hearing Respondents have been requested to address the following issues:

(1) The condition of the Federal-aid highway system and factors affecting the service life of the system.

(2) The needs of the Federal-aid highway system versus the existing revenues coming into the Highway Trust Fund.

(3) The allocation of highway costs among the various user classes.

(4) Proposals to change the structure of highway user fees including the findings of the Federal Highway Cost Allocation Study issued by the Department of Transportation.

(1) The condition of the Federal-aid highway system and factors affecting the service life of the system.

It is a well documented fact that our nation's highways are in a serious state of disrepair and our failure, as a nation, to address highway and bridge deficiencies is setting the stage for a severe transportation crisis in the very near future.

In South Dakota current backlog needs for highway construction on Federal-aid highways are as follows:

FUNCTIONAL	RESURFACING		GRADING & SURFACING		STRUCTURE	
CLASS	MILES	DOLLARS	MILES	DOLLARS	NEEDS	TOTAL
Principal & Minor Arterials	883.0	57,700,000	513.0	283,800,000	67,000,000	408,500,000
Major Collectors (On State Sys)	416.0	29,700,000	326.0	95,800,000	14,500,000	140,000,000
SUBTOTAL	1299.0	87,400,000	839.00	379,600,000	81,500,000	548,500,000
Interstate System:						
			Interstate 4-R Roadway Needs			15,122,000
			Interstate 4-R Structure Needs			16,077,000
			SUBTOTAL			31,199,000
TOTAL						579,699,000

To place our highway needs in perspective in Fiscal Year 1982, South Dakota expended $81.9 million for highway construction and $32.1 million for highway maintenance. We do not have the necessary fiscal resources available to address our existing backlog of needs. Furthermore, while existing deficiencies are deferred additional needs accrue each year as other highway segments reach the end of their service life. Further, the problem of addressing highway deficiencies is not unique to South Dakota--the other states are facing similar problems.

We are deceiving ourselves if we believe that deferring adequate investment into our nation's highway system will defer highway needs. The simple fact is our highways are designed to last for a set number of years commonly referred to as service life. As our highways reach the end of their service life reconstruction of the highway becomes necessary.

The service life of a highway is determined by many factors. These factors include:

(1) original engineering design;

(2) quality of materials and workmanship in the actual construction;

(3) axle loadings and traffic frequency;

(4) climatic conditions; and

(5) effective highway regulations so that engineering limits are not exceeded.

Each of these factors are inter-related, however, given good design, construction and maintenance, a highway should last its intended life. Nevertheless, it should be pointed out that road tests have proven that increases in axle loadings and the frequency of their loadings can significantly shorten the normal service life of a highway. This fact must be taken into consideration when allocating highway costs among the various highway users and will be addressed later in our recommendations concerning the Federal Highway Cost Allocation Study.

(2) The needs of the Federal-aid highway system versus the existing revenues coming into the Highway Trust Fund.

It is readily apparent from previous highway hearings, FHWA reports, and state testimony that the existing revenues coming into the Highway Trust Fund are insufficient to meet the needs of the Federal-aid Highway System. Our present backlog of needs are the result of years of inadequate funding. This fact was stated in the report, "The Status of the Nation's Highways: Conditions and Performance," submitted by the Secretary of Transportation on January 21, 1981, in response to Section 3, Public Law 89-139. The report's major findings include the following:

- Since 1970 highway investments by all levels of government have increased, but have been eclipsed by inflation resulting in decreased real buying power.
- The effects of declining real investment levels and travel increases are seen in deterioration in highway system performance since 1975.
- Overall pavement age is increasing, unmet resurfacing and rehabilitation needs are mounting, and congestion is growing, especially in urban areas.
- Our national Interstate program faces a severe challenge in accomplishing completion and meeting the need to restructure and restore the system in the face of real deterioration.
- Based on projections through 1995, it is apparent that unless highway revenues and investments increase, the condition of the Nation's highways will continue to deteriorate and performance levels will be threatened.

Funding levels must be substantially increased if we are to retain our system as it exists today.

(3) The allocation of highway costs among the various user classes.

The South Dakota Department of Transportation supports the concept of funding highway improvements based on user fees. Furthermore, we believe these user fees should be apportioned to the various user classes according to the costs occasioned by their use. For this reason, we support the cost allocation methodology utilized in the Federal Highway Cost Allocation Study and believe specific strategies for meeting capital needs should be developed utilizing the information which is now available from this study.

(4) Proposals to change the structure of highway users fees including the findings of the Federal Highway Cost Allocation Study issued by the Department of Transportation.

As mentioned previously, we support the concept of highway users fees and the equitable allocation of costs occasioned by those users. One of the findings of the Federal Highway Cost Allocation Study under current user charge structure is that combination trucks are found to underpay relative to other vehicles with heavier combination trucks significantly underpaying while the lighter combination trucks overpay. Since current user fees are not generating sufficient revenues and the heavier vehicles which are principle factors in shortening the service life of the highways (axle load weight and frequency of loading) are underpaying relative to other vehicles, our present user fees structure must be modified beyond a simple across the board increase.

A number of alternatives have been suggested with three alternatives described for discussion purposes during this hearing. We support alternative three which raises total revenues of $12.7 billion per year with $11.7 billion allocated by the cost allocation study methods and $1 billion by urban vehicle miles of travel. This alternative also provides that no class would pay less than 80% of cost responsibility or more than 120% (other than buses and motorcycles). In addition, this alternative provides for a 4¢ per gallon differential between the gas and diesel fuel tax, and substitutes an axle weight tax for the truck use tax based on graduated scales for single and tandem axles.

We would modify alternative three in the following two areas:

(1) When additional increases in revenue are contemplated that these revenues be allocated by the cost allocation study methods, and

(2) No class would pay less than 90% of cost responsibility or more than 110% with no exemption for buses and motorcycles.

In summary, I would like to state that we support the methodology utilized in the Federal Highway Cost Allocation Study and the conclusion which was reached in this study. In 1980, we conducted a cost allocation study of our own which although much less extensive also found that trucks were not paying their full share.

In light of the extent of our nation's highway needs, it is absolutely imperative that highway revenues be increased. We endorse the concept that these revenues be generated through an increase in "user fees." Moreover, the increase in fees should not be based on an across the board increase in "current" user fees but rather the fee structure should be revised to reflect the research finding detailed in the Federal Cost Allocation Study so that each class of vehicle pays its fair share of the total burden of maintaining our nation's highways.

IDAHO ASSOCIATION OF HIGHWAY
AND GOOD ROAD DISTRICTS

STATEMENT FOR THE TRANSPORTATION SUBCOMMITTEE OF THE SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE RELATING TO HIGHWAY NEEDS VS HIGHWAY REVENUES

by
RAY OLIVER
EXECUTIVE SECRETARY/TREASURER
IDAHO ASSOCIATION OF HIGHWAY
AND GOOD ROAD DISTRICTS
SEPTEMBER 3, 1982

Route 1, Box 51 • Coeur d'Alene, Idaho 83814 • 208-664-6576

IDAHO ASSOCIATION OF HIGHWAY
AND GOOD ROAD DISTRICTS

Mr. Chairman, I am Ray Oliver, Executive Secretary/Treasurer of the Idaho Association of Highway and Good Road Districts. We are pleased that your Subcommittee is affording the Western States an opportunity to present their concerns on the critical issues of the Federal Aid Highway Program.

Mr. Chairman, our association consists of sixty-four (64) special taxing districts with administrative responsibility for eleven thousand (11,000) miles of public secondary roads and streets in the State of Idaho.

I am sure that you are well aware that the nations highway system is deteriorating at a faster rate than the present maintenance and construction funding provides. And while we share the concerns of Federal and State Highway Administrators, our primary concern is for local needs at the county, highway district and city level. The local needs all seem to be forgotten when compared to Federal and State needs when federal highway funding programs are enacted.

The local road system is a vital link in the overall national transportation system. Without the local road and street connection that provides direct access to the people and adjoining land the journey to market and the freeway could never begin.

We at the local level find that the streets are required to provide more capability of service with considerable less funding each day. As our population increases, so does the average daily traffic count on our roads. As railroads reduce their freight lines, the freight moved over our roads increases. As more people move to the rural area, greater demands are placed on the county road and street systems. In addition to the increased use of our roads creating additional maintenance costs, inflation has eroded the buying power of the funding we have had. All of the above results in deferment of major capital improvements and then eventually the deferment of even maintenance needs. The continual deferment of capital and maintenance needs will result in a major loss to the capital investment in our overall highway system, which will have a significant affect on the mobility of our country.

Clearly, if we are to maintain an efficient highway system in this country, additional user fees must be obtained by increasing the Federal Fuel Tax to a level needed to fund current and future needs of the highway program. We would support an increase in the Federal Fuel Tax. However, we wish to emphasize the fact that local street and road capital improvement programs must receive their "fair share" of any funding programs.

We at the local level would also request that when you consider future highway funding that you would review and reduce the "mountain" of rules and regulations we at the local level are confronted with to receive any federal funding. We would prefer to see a portion of the Federal Highway Fund be allocated to the states and automatically transferred to the local units based on a formula considering population, highway mileage, registered vehicles and units of government with highway responsibility. Many of our smaller cities, counties and highway districts never apply for federal highway funding because of the "red tape" and time delays, which are usually a part of all federal funding programs.

The American people have invested billions of dollars in our transportation system and now the future success of that system is now dependent on your efforts. So please, in your future funding programs don't forget the local street and road system deserves national attention, because we too are an essential part of the total transportation system.

Thank you for sharing our thoughts and comments with your committee.

Bill Hickman
President
Idaho Association of Highway and
Good Road Districts
Route 1, Box 16
Worley, ID 83876

Ray Oliver
Executive Secretary/Treasurer
Idaho Association of Highway and
Good Road Districts
Route 1, Box 51
Coeur d'Alene, ID 83814